



Proposal for:

A PROGRAM OF PROFESSIONALIZATION
for the Home Building and Renovation
Industry in Nova Scotia

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Introduction

1.0 Introduction

1.1 Overview

The construction industry is broadly divided into two sectors - residential and non-residential construction. These sectors are further divided into a number of sub-sectors. Residential construction comprises single and multi-unit residential construction and also renovation of existing housing. It is characterized by a large number of smaller businesses involved largely in wood frame construction.

The non-residential or industrial, commercial and institutional (ICI) sector generally comprises building construction (schools, hospitals, shopping centres, saw mills) and engineering construction (bridges, airports, marine and road building). The ICI construction industry in Nova Scotia recognizes that specialized skill sets and training strategies are required to meet the distinct needs and circumstances of the home building and renovation industry.

There is growing recognition by industry stakeholders that emerging conditions in the residential construction and renovation industry demand a far-reaching and comprehensive approach to build and maintain a skilled and highly motivated workforce over the long-term. One option that merits serious attention is a professionalization program to transform the ways that new entrants to the industry are recruited, trained and “managed” as skilled and committed home building and renovation professionals. Professionalization should provide more challenging and rewarding careers in the industry, should improve the quality of our products and services, and should lead to enhanced consumer protection through better builder performance.

The purpose of this proposal is to set out the specific steps in developing a professionalization program in Nova Scotia. It is fully recognized that such a program can only go forward under the following conditions.

- ▲ All industry stakeholders, including legitimate representatives of employees and employers, and of owner operators, small companies and larger contracting firms, will participate in the process. Well-informed agreement and support across all sectors will be needed before moving forward with implementation at every stage.



- ▲ Stakeholders outside of the industry will be fully informed about the initiative from the outset and will be given meaningful opportunities to participate and have input to decision-making. These stakeholders include government agencies involved in regulating and licensing residential construction businesses and in promoting human resources development, and the public and private sector training institutions.

1.2 Project Sponsors

Over more than a decade the Atlantic Home Building & Renovation Sector Council (AHB&RSC) - formerly the Atlantic Home Building & Renovating Regional Industry Training Council (RITC) - has undertaken a wide range of activities to address the human resources needs of the sector. The Board of the AHB&RSC is made up of respected and knowledgeable representatives from all parts of the industry in Nova Scotia, and they recognize the need for a more comprehensive and far-reaching approach.

The Board has therefore agreed to take the initiative to consult with industry and actively explore the professionalization option¹.

In leading this initiative, the AHB&RSC has committed itself to work with industry groups in the wider Atlantic region, in other provinces and at the national level, and with other human resources development agencies across Canada, to lay the groundwork for future co-operation and harmonization of approaches.

The AHB&RSC is joined in sponsoring this professionalization initiative by the Nova Scotia Home Builders' Association and the Atlantic Home Warranty Program. Both of these organizations represent key leadership networks in the home building and renovation industry, and can bring a wealth of experience and industry knowledge to the table.

¹ The AHB&RSC has the broad mandate of the Atlantic region. To date, the concept for a professionalization program has only been discussed in relation to Nova Scotia. It is envisioned that a successful pilot project would be expanded to cover the remaining provinces in the region.

The Context for Professionalization

2.0 The Context for Professionalization

Many different occupations in Canada are licensed². Examples include doctors, lawyers, teachers, real estate agents and electricians. Other provinces and countries (such as Ontario, Kansas and Australia) have taken steps to professionalize their residential home building and renovation industries through builder and contractor certification. In the spring of 1998, the Nova Scotia Home Builders' Association inaugurated the province's first industry-driven Certification Program for the residential construction and renovation sector. There are a number of key drivers for expanding upon this program as the industry moves towards a full professionalization model here in Nova Scotia. These are:

Increased Concerns About Consumer Protection

Important steps have been taken by industry and government to protect consumers. These include the Homeowner Protection Act in British Columbia and industry-driven new home warranty insurance programs in several provinces across the country. However, consumers continue to demand increased protection for their investments in new home construction and renovation, especially in the areas of accountability and liability in terms of the safety and quality of services provided. Professionalization programs in other jurisdictions have resulted in improved industry performance and increased consumer confidence and demand. This in turn increases the demand for industry participants to seek out certification and attracts new entrants to the industry.

Increased Construction Demand

The Spring/Summer Pulse 2000 Survey conducted by the Canadian Home Builders Association forecasts steady demand for home building starts. Renovation activity will also increase. Optimism is especially high in Atlantic Canada, Ontario and Alberta. According to CMHC's Mortgage Market Trends (June 29, 2000), two-thirds of Canadian households own their homes, and more than one-half are mortgage free. This, coupled with other key drivers such as better quality housing stock, new energy efficiency technology for older homes and higher land and labour costs will likely contribute to increased renovation activity.

² A distinction must be made between licensing and certification. A tradesperson may be certified in their trade (having met any necessary education or work requirements) but may still need a license to practise in that particular trade in a specific jurisdiction.



Single-detached housing starts in Nova Scotia are expected to be buoyed by consumer confidence and continued net in-migration, although slightly less than the high levels seen in 1999. A steady drop in the supply of available homes on the resale market, coupled with low rental vacancies, will ensure a strong performance in the new homes market³.

Shortage of Skilled Workers

A number of recent studies have identified shortages of skilled workers across the North American home building industry, mainly in the carpentry trades. An ageing labour force compounds this problem. While only 9% of Nova Scotia's construction labour force will retire within the next ten years, the following two decades will see a significant drain on the labour supply as the baby boom passes. For example, over one-half of Nova Scotia's construction workers are between the ages of 35 and 54 years⁴.

The Pulse 2000 Survey cited framers, carpenters, drywallers/tapers and bricklayers as the most critical trade shortages. While this problem is considered more pronounced in Ontario, Atlantic Canadian builders have also expressed concern.

Technological Change

Technological change is a major driving force behind occupational employment trends and has significant impacts on skills requirements. New and improved products, materials and services are being introduced, as are new methods of planning and organizing construction activities. The use of computerized machinery, equipment and of computer assisted design and planning techniques is rapidly becoming a requirement to remain competitive. As a consequence, the industry is faced with the challenge of continuously upgrading skill levels⁵.

Negative Images of the Industry as a Place to Work

The home building and renovation industry has a somewhat negative image among the general population. This has in part been a function of the significant manual labour component and the dated

3 Source: CMHC Housing Outlook, National Edition, 4th Quarter 2000.

4 Source: Economic Trends in the Nova Scotia Construction Sector, June 1999, Atlantic Provinces Economic Council.

5 Source: Construction Sector Competitiveness Framework, 1999, Industry Canada



perception of this industry as highly seasonal. The sector is made up of a large number of small enterprises, and so it is that much more difficult to establish norms across the industry in terms of wage levels, career structures and employment standards. As a result, the industry has increasing difficulties attracting young people to it. Careers promotion is paramount to increasing public awareness of the attractive jobs available within the industry.

Labour Market Instabilities

The labour market associated with home building and renovation is subject to a number of factors that further exacerbate the supply and demand disparity. These include the labour intensive nature of the work, seasonal patterns that affect employment stability, substantial underground employment, the increased frequency of the “do-it-yourself” economy, and competition with other construction sectors during boom times and with other higher wage sectors generally.

Increased Requirements for Due Diligence and New Building Certification Standards

The home construction and renovation industry will have to contend with additional regulations that are already increasing the due diligence imposed on firms, and may add to the cost, complexity and time required to complete a project. These come in the areas of energy conservation, health and safety, waste management, hazardous materials, water quality, indoor environment (air) and environmental regulation.

Occupational Licensing

After many years of internal discussion, there is wide interest among informed industry stakeholders in developing a specialized home builder and renovator licencing system for Nova Scotia. Such an approach will necessarily involve government legislation and regulations, but would be industry designed and driven. It would contribute to higher safety and quality standards as a basis for enhanced consumer protection and promotion of professionalism in the industry.

Key Elements of Professionalization Programs

3.0 Key Elements of Professionalization Programs

The home building and renovations industry has not traditionally been a highly organized or tightly regulated sector. It is made up of large numbers of small enterprises that work independently and conduct their businesses in many different ways.

Professionalization would mean significant changes in the “culture” of the industry. The following are key areas of change.

Governance

Most professions have a governing body or internal authority with the mandate to regulate access and status for the occupation and to make and enforce rules regarding proper conduct and access to employment. Such bodies often have legislative and regulatory authority to set standards for the profession as a whole and for the different levels of competence within each sub-trade or specialization. In other cases the authority comes from agreements between employers and employees through collective bargaining or other contractual arrangements, such as in the industrial (ICI) construction trades. A third approach is for government agencies to set the standards in consultation with industry stakeholders, such as for airplane pilots, nurses and school teachers.

In all of these cases, the education and training institutions do not set the standards but follow those established by the governance body. In many cases such as doctors and lawyers and apprenticeship systems for the skilled trades, it is the professional groups and not the training institutions that “license” the new entrant making use of their own internship programs and examinations.

Effective Organization and Public Participation

By definition, a profession is organized and has the ability to speak for itself on public policy issues and to become a “player” in the wider management and regulation of the industry. On issues such as safety and environmental regulations, development of education and training systems, income insurance programs and government policies that impact directly on the sector, members of a profession will pool resources to support effective representation and lobbying.



Enterprise Licensing

Either on a voluntary basis or through government legislation and regulations, industry groups can put in place certification or licensing regimes to identify firms that meet designated health and safety, quality and consumer protection standards. Such approaches can help to raise standards in the industry as a basis for improved marketing to consumers and expanded consumer confidence. Where industry does not take the initiative, governments may introduce such systems to achieve their goals for workplace safety, energy conservation, fire protection or other aspects of the public interest that impinge on activities in the home building and renovation industry.

Occupational Categories and Standards

In an unregulated profession, employees come and go and change their activities without reference to any clear job categories, skill requirements or wage standards. To enter the occupation you just get a job; to improve your skills you get someone (who may or may not be qualified) to show you how to do something, or you learn by trial and error. There may or may not be established ways to move from one category to another within the profession, e.g., there may not be clearly defined steps for people in entry level jobs to progress through a planned career to become qualified tradespersons or managers.

By contrast, regulated professions offer careers with clear occupational categories and well-defined steps for making progress from one level to another through education, training, experience, good conduct and proven performance. People are able to enter as new entrants and look forward to long and interesting working lives where their hard work and talents will be recognized and rewarded. They can climb a career ladder within a defined occupational stream, but also move laterally to other occupational streams or specializations through training and experience.

A common example of occupational standards is the apprenticeship program that sets out education, training, experience and performance standards as agreed upon by both employers and tradesworker groups. To date, seven different trades in the residential building and renovation industry have apprenticeship programs administered through the Nova Scotia Department of Education. These trades include: bricklayer, construction electrician, oil burner mechanic, plumber, refrigeration/air conditioning mechanic, carpenter and gas fitter. There are also a number of officially designed trades where apprenticeship training is not yet available.

Steps to Professionalization

4.0 Steps to Professionalization

Generally speaking, the major steps in implementing a professionalization initiative are:

1. Background research and planning to develop a clear rationale and roadmap for professionalization and options for governance and industry participation in decision-making.
2. A comprehensive sector study to gather up-to-date information on the economic importance of the industry, the major business trends affecting it, the numbers and types of employees and trends impacting on supplies of human resources and building reform underway in other jurisdictions. The report, “*A Human Resources Study of the Home Building and Renovation Sector Phases I and II Report*” completed in March 31, 2000 by PRAXIS Research & Consulting Inc., provides a strong foundation for background on this industry. This report, which to a large degree included statistics from the 1996 Census, may need to be continuously updated to provide a current view of this industry. There is also a need for primary research on builders, renovators and consumers to provide a more comprehensive picture of the industry and to assess interest in a program of professionalization.

There is merit in examining licensing and certification models developed elsewhere as a part of larger reform measures, for their applicability to the Nova Scotia situation.

3. An effective and broad-based consultation process in all parts of the province to explore options for occupational licensing and professionalization, to promote buy-in and to seek direction from stakeholders on the governance model and standards.
4. Consultations with governments and the training institutions to promote recognition of the profession, buy-in with the process and co-operation in developing and implementing a licensing model and an apprenticeship system or other approach to occupational standards.
5. A large-scale industry conference to consider and adopt formally a governance structure and to endorse moving forward with licensing and professionalization programs.
6. A second round of industry consultations to develop systems for licensing and occupational standards and a grandfathering policy, and to consider and formally adopt the apprenticeship approach and specific occupational categories and standards.



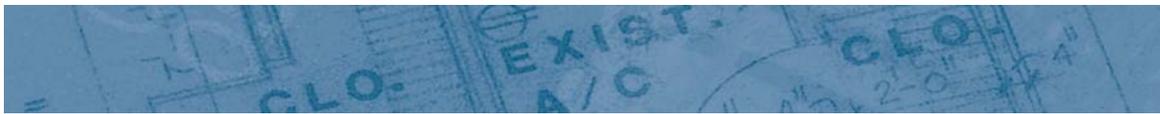
7. Continuing work with governments and the training institutions to implement the new systems, possibly involving new legislation and regulations.
8. Continuing work to educate the industry and to promote the licensing system, occupational standards and participation in the professionalization process.
9. Taking the necessary steps to build industry capacity to assume responsibility for managing the licensing system.
10. A public education strategy to promote awareness and a more positive image of the profession to attract people to careers in the industry. There is also a need for primary research on attitudes about career in this industry.

Workplan and Costs

5.0 Workplan and Costs

The following table sets out a step-by step approach to a professionalization process for the home building and renovation industry in Nova Scotia. Please note that the timing of the tasks and phases is not necessarily chronological in all cases as there will be concurrent activities. It requires preliminary estimates of costs and refining of the timeframe of implementation. Costs are divided according to the work that will be undertaken by the sector council, by outside contractors and by industry. Fixed costs such as travel, purchase of data or rental of conference facilities are not included.

| PHASE | TASK | COMPONENTS | WHO | COST | PERIOD |
|---------|--|---|------------------------------------|------|--------|
| PHASE I | 1. Literature Review | A study of the governance and regulation of the home building and renovation industry in other jurisdictions and countries, professionalization models and strategies in parallel industries. | AHB&RSC Consultants Industry | | |
| | 2. Update the Sector Study | Updating the March 2000 study in terms of new knowledge on the structure of the sector, labour force and employment, characteristics of human resources and the legislative and regulatory environment. Compile an inventory of training systems and review emerging trends in construction methods and materials that will drive skills and training requirements. | AHB&RSC Consultants Industry | | |
| | 3. Development of Presentation Materials | Develop a discussion paper, brochure and slide presentation on professionalization of the home building and renovation industry in Nova Scotia | AHB&RSC Consultants Industry | | |
| | 4. In-House Consultations | Meet with industry leaders and opinion makers to recruit “champions” from industry stakeholder groups to ensure full industry understanding and buy-in. | AHB&RSC Consultants Industry | | |



| PHASE | TASK | COMPONENTS | WHO | COST | PERIOD |
|----------|--|---|--|------|--------|
| | | PHASE I TOTAL | AHB&RSC Consultants Industry <i>Sub-Total</i> | | |
| PHASE II | 4. First Round Industry Consultations | Conduct consultation meetings around the province (6 locations) re: occupational licensing, governance and professionalization model options | AHB&RSC Consultants Industry | | |
| | 5. First Industry Conference | Formally establish project Steering Committee governance body and its mandate for professionalization and occupational licensing. This will be scheduled in conjunction with existing industry conferences to minimise costs and participant burden | AHB&RSC Consultants Industry | | |
| | 6. Second Round Industry Consultations | Conduct consultation meetings around the province (6 locations) to develop occupational categories, standards, apprenticeship approach and grandfathering strategy | AHB&RSC Consultants Industry | | |
| | 7. Second Industry Conference | Summarise the findings and recommendations of the industry consultations and present these to a second industry conference for formal approval of a mandate and action plan for continuing implementation of professionalization and occupational licensing | AHB&RSC Consultants Industry | | |
| | | PHASE II TOTAL | AHB&RSC Consultants Industry <i>Sub-Total</i> | | |



| PHASE | TASK | COMPONENTS | WHO | COST | PERIOD |
|-----------|--|--|--|------|--------|
| PHASE III | 8. Consultations with Government, Private & Public Training Institutions | Preparation and conduct of planning and consultations meetings (6 locations) to facilitate implementation of the professionalization and occupational licensing systems approved by the industry | AHB&RSC Consultants Industry | | |
| | 9. Industry Communications | Use of existing or development of new newsletters and promotional materials to provide continuing support for the initiative | AHB&RSC Consultants Industry | | |
| | 10. Public Education | Materials, communications strategies and outreach work to build the image of the industry and to attract new entrants to careers in the profession | AHB&RSC Consultants Industry | | |
| | 11. Project Administration | Staff support, telephone, fax, printing, etc. | AHB&RSC Consultants Industry | | |
| | | PHASE III TOTAL | AHB&RSC Consultants Industry <i>Sub-Total</i> | | |
| | | PROJECT TOTAL | AHB&RSC Consultants Industry GRAND TOTAL | | |



Project Direction

6.0 Project Direction

This initiative should be driven by a Steering Committee comprised of representatives from the three sponsoring agencies and additional stakeholder representatives recruited from all sectors of the industry and from all parts of the province. As well it will be essential to have representation on the committee from the key government regulatory agencies and the training sector so that they are part of the process from the outset and can plan and coordinate the wider legislative, regulatory and program changes that will be needed to support professionalization as it evolves.



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