



# PROFESSIONALIZATION ACTION PLAN FOR NOVA SCOTIA

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# INTRODUCTION

## 1.0 INTRODUCTION

### 1.1 Objectives

The Atlantic Home Building and Renovation Sector Council (AHB&RSC) was established in 2000 to address human resources challenges in the residential construction industry.<sup>1</sup> It is directed by a Board composed of industry members with links to other key industry organizations including the Nova Scotia Home Builders' Association, the Atlantic Home Warranty Program and, at the national level, the Canadian Home Builder's Association. It receives funding from industry, as well as the federal and provincial governments, to carry out research, planning and capacity building activities to further the interests of the residential construction industry in the human resources field.

The objectives of this report are:

1. To draw out key conclusions and strategic issues from a wide range of research and consultation activities carried out by the sector council on issues related to the availability of a skilled labour force for the home building and renovations industry in Nova Scotia;
2. To set out an action plan to address the major long-term human resources challenges facing the industry in Nova Scotia.

This document is intended to provide a basis for practical, focussed discussions among industry, government and other stakeholder groups on implementation of the action plan beginning in the winter of 2005/06.

### 1.2 The Home Building and Renovation Industry in Nova Scotia

This section of the report presents a profile of the residential construction industry. The data are based on a report produced by PRAXIS Research for the Atlantic Home Building & Renovation Sector Council in March 2004 entitled "Overview of Residential Building and Development and its Workforce in Nova Scotia".

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<sup>1</sup> The organization had operated since 1990 as the residential construction *Regional Industry Training Council (RITC)* for the Atlantic Region, with a mandate to deliver training as well as research, planning and program development.



The Statistics Canada Business Register estimated that there were approximately 1,500 firms actively involved in the residential construction sector of the construction industry in Nova Scotia in 2003. This estimate does not reflect the true size of the industry as many firms not registered in the residential construction sector derive part of their revenues from residential construction work. For example, a significant portion of the work undertaken by the roughly 3,900 firms in the trade contracting sector of the construction industry in Nova Scotia in 2003 was in residential construction. The residential construction sector is composed primarily of smaller companies: 90% have less than 10 employees.

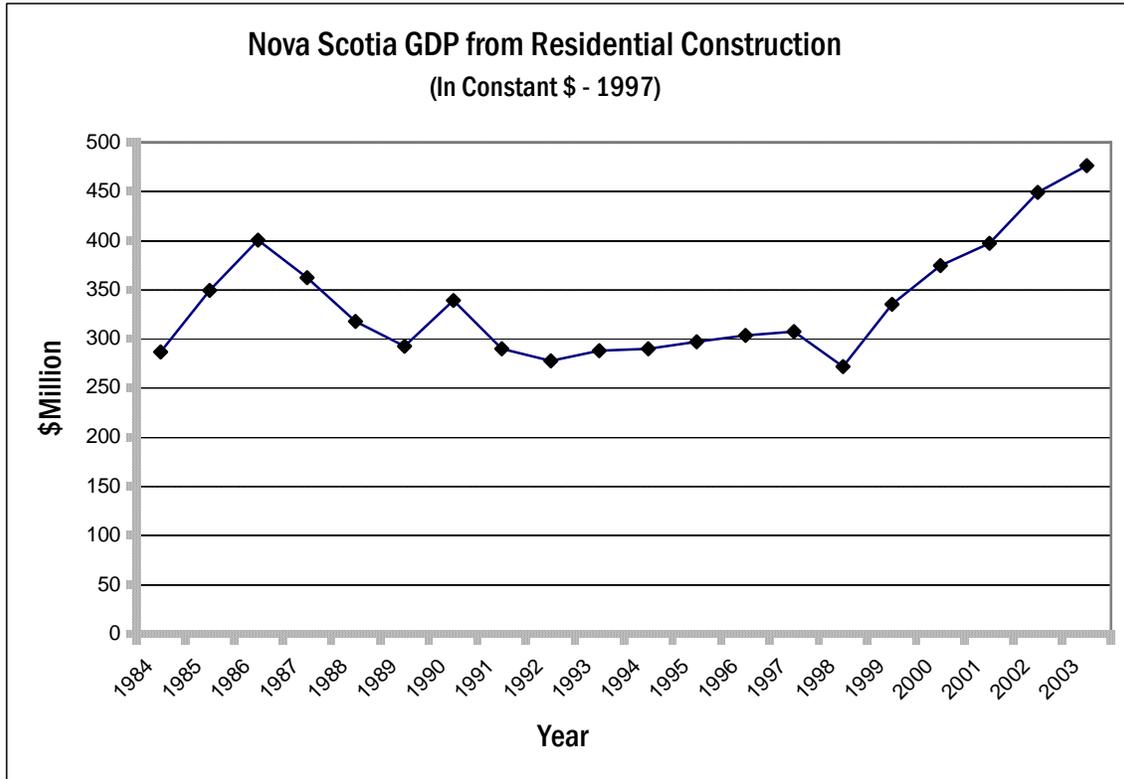
The 2001 Census indicates that the residential construction sector directly employed approximately 4,250 people in 2001. Once again, it is important to point out that this employment estimate understates total direct employment in residential construction because many workers classified in other industry sectors spend a portion of their time working in residential construction. In this light, it is important to note that many of the approximately 19,000 workers recorded as being in the trade contracting sector of the construction industry in 2001 spent some or all of their time working on residential construction jobs.

Roughly one-half of the firms in both the residential construction and trade contracting sectors of the construction industry in Nova Scotia are in the central part of the province anchored by Halifax. Approximately one-quarter of the firms in both sectors are located in southwestern Nova Scotia with roughly 15% in the northern region of the province and in Cape Breton.

The industry in Nova Scotia has seen substantial growth since 1998 after a slow period in the early 1990s. The following chart depicts annual gross domestic product (GDP) generated by the residential construction sector over the period 1984 to 2003. GDP is measured in 1997 dollars to ensure comparability of economic activity over time.



**Chart 1: Contribution of Residential Construction to Gross Domestic Product in Nova Scotia**



The contribution to GDP by the residential construction industry in Nova Scotia grew from \$287 million in 1984 to \$476 million in 2003 in constant dollar terms, an increase of 66% overall. The expansion after 1998 is particularly notable. The share of total GDP for the province grew from 1.4% in 1998 to 2.1% in 2003.

Residential construction is a distinct industry sector. Research conducted by the AHB&RSC indicates that 65% of firms in the residential construction sector are involved in new home construction, and 92% do renovations work. Only 11% report that they do construction work outside the residential sector.

## KEY FINDINGS

### 2.0 KEY FINDINGS FROM RESEARCH AND CONSULTATION PROJECTS

#### 2.1 Human Resource Challenges

Since 2000 the AHB&RSC has carried out substantial research and planning work to identify and quantify the major human resources challenges in the sector. (See Appendix I for a list of the research reports available at: [www.ahbrsc.com](http://www.ahbrsc.com)).

Taken together, these studies identify two fundamental barriers to business stability and sound human resource management in the residential construction industry in Nova Scotia:

1. **The underground economy:** The research indicates that approximately 21% of new home construction and 36% of residential renovations in Nova Scotia take place in the underground sector. This represents approximately \$350 million in new home construction and renovation activity that is in various ways unregulated and untaxed.<sup>2</sup> Business activity on this scale shapes the overall competitive environment in the industry, resulting in sub-standard product quality, weakened consumer protection and negative pressures on wages and working conditions. Under these conditions, legitimate employers find it increasingly difficult to attract and retain a skilled and motivated labour force.
2. **Shortages of qualified trades workers:** Skills shortages are an issue in many industry sectors that have aging workforces and rising skill requirements. The residential construction sector faces particular challenges because of weaknesses in the training and apprenticeship systems, and reduced recruitment of young people into the industry. Many workers currently in the industry lack up-to-date industry knowledge, aptitudes and technical skills, and are not easily upgraded due to essential skills deficits and other factors. There is a need for more accessible, affordable and relevant training programs to help attract and retain new entrants and to upgrade the current labour force.

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<sup>2</sup> See the AHB&RSC research report *Current Impact of the Underground Economy, the Residential Construction Sector in Nova Scotia*, March 2004.



These two issues are closely linked. Underground activity in the sector holds down business margins and therefore wage levels, and limits the abilities of employers to offer stable, attractive jobs with opportunities for ongoing training and career advancement. In an environment of strong market demand and shortages of qualified trades workers, underground operators are able to find customers and take on significant levels of business activity. In the absence of recognized professional standards and effective enforcement of tax rules and other regulations, there continues to be a high level of tolerance in the community for “under-the-table” business activities.

## **2.2 The Professionalization Solution**

The Board of the AHB&RSC has undertaken intensive strategic planning work to integrate the outputs from research and consultation activities and to identify a way forward. The Board is committed to providing the direction and leadership for major changes in the structure and operations of their industry through a program of “professionalization” with two major components:

1. The introduction of mandatory licensing of residential construction contractors; and
2. The implementation of new approaches to training and certification of trades workers to meet the specific needs of the sector.

The AHB&RSC Board has concluded that these two areas of change, taken together, constitute an effective global approach to reduce underground activity in the sector and to improve the supply of qualified, career-oriented trades workers.

As has already been achieved in many other sectors, professionalization of the residential construction industry will require the establishment a governance body and a regulatory system to set knowledge and skill standards and other requirements for both business operators and trades workers in the sector.

In residential construction in Nova Scotia, as in most provinces, contractors are required to employ plumbers and electricians who are “licensed” journeypersons. However journeyperson qualifications are not required for the carpenters who do the majority of the actual construction work.



By the same token, the contractor him/herself does not have to have any specialized training nor do they need to offer warranty protection on their products or WCB for their workers in smaller firms. The majority of underground activity in the sector involves such unqualified contractors doing work for cash payment “under the table”, evasion of building code requirements and of sales and income taxes, and/or working while on EI. Consumers who employ such contractors may unknowingly take on significant financial and legal risks in terms of lack of product quality guarantees and liability for worker injuries on the job.

The professionalization model proposed by the AHB&RSC will combine mandatory licensing of contractors, supported by linkages to the home warranty, building inspection, and banking and insurance systems, with a new approach to training and certifying trades workers within “trades specializations”.

### **2.3 Industry and Public Support for Professionalization**

It is a matter of critical concern to the Board of the AHB&RSC that there be broad industry and community support for the directions it is taking to address the human resource challenges facing the industry. At every stage in the process of defining the issues and developing options and strategies, the Sector Council has consulted with industry stakeholders and sought direction and validation of the approach.

In 2003-04 the AHB&RSC conducted research and consultation on the issue of underground activity in the sector. The study included a survey of identifiable professional homebuilders and renovators in Nova Scotia.<sup>3</sup> Respondents were asked whether they would support the introduction of mandatory licensing of contractors and compulsory certification of carpenters. The results were as follows in Table 1:

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<sup>3</sup> The survey population was 111 residential builders who were current members of the Nova Scotia Home Builders' Association and/or the Atlantic Home Warranty Program.



**Table 1: Industry Support for Mandatory Licensing of Contractors and Certification of Carpenters, 2003**

Support introduction of: (n=111)	Yes	No
Mandatory licensing for home builders	86%	14%
Mandatory licensing for renovators	87%	13%
Compulsory certification for carpenters	87%	13%

This study provided a statistically valid representation of the views of builders who are active in industry associations and the warranty program. It indicated that committed professional operators across the province strongly supported the proposed professionalization strategy.

As a final step in preparing its proposals for professionalization in the summer of 2005, the AHB&RSC conducted more extensive random sample surveys of builders and of consumers in the province.

From the industry, 245 builders were interviewed by telephone. Approximately one-third were members of the HBA or Warranty. The names of the remaining two-thirds were drawn from Yellow Pages listings and therefore represent a more randomized cross-section of the industry, including many stakeholders whose views had not previously been heard.

The interviewees were asked if they would be in favour of mandatory licensing for new home construction contractors, and for residential renovation and repair contractors. The responses were as follows in Table 2:

**Table 2: Industry Support for Mandatory Licensing of New Home Construction Contractors and of Renovation and Repair Contractors, 2005**

(n=245)	Support for mandatory licensing for new home construction contractors	Support for mandatory licensing for residential renovation and repair contractors
Yes, would be in favour	70%	69%
No, would not be in favour	23%	26%
Don't know/Not sure	7%	5%

While support for mandatory licensing of contractors is somewhat less emphatic among this more diverse survey population, there is still a clear majority who favour such a change. There were no statistically significant differences in responses among interviewees from HRM, Cape Breton or



the rural mainland.

The interviewees were asked to give reasons for their answers. Among those who expressed support for mandatory licensing over 40% mentioned the need to control or reduce underground activity and 20% referred to the need to improve professionalism and quality of workmanship. Among those opposed to this change, a few (8%) mentioned concerns about literacy levels or the need for a grandfathering option for older builders.

The respondents were asked if they supported “compulsory certification” of carpenters, meaning that every construction or renovation project of a certain scale would have to be supervised and approved by a certified journeyperson carpenter (as is now the case for electricians and plumbers). The results were as follows in Table 3:

**Table 3: Industry Support for Compulsory Certification of Carpenters, 2005**

(n=245)	Support compulsory certification of carpenters <sup>4</sup>
Yes, would be in favour	71%
No, would not be in favour	22%
Don't know/Not sure	8%

The responses on this question closely parallel those for the mandatory licensing of contractors: a clear majority supports the change, while some 30% are opposed or uncertain. Again there were no statistically significant differences in responses among interviewees from the different regions of the province.

When asked their reasons for supporting mandatory certification of carpenters, 33% gave reasons related to improving professionalism and quality of work, while 26% mentioned underground economy issues. Those who opposed it were concerned about added costs and over-regulation, or saw a need for grandfathering.

The 2005 study also addresses the issue of consumer support. 400 telephone interviews were completed based on random selection from a list of 8,000 Nova Scotia homeowners. One third of

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<sup>4</sup> Percentages do not sum 100% due to rounding.



the respondents were in Halifax Regional Municipality while the remainder were widely distributed across the province consistent with the actual distribution of the total population. Over 70% had owned their homes for 15 years or more, and 27% of them had carried out one or more home renovation projects employing a carpenter or renovations contractor in the previous 2 years. 2.5% of the respondents had employed a new home construction contractor in the previous 2 years.

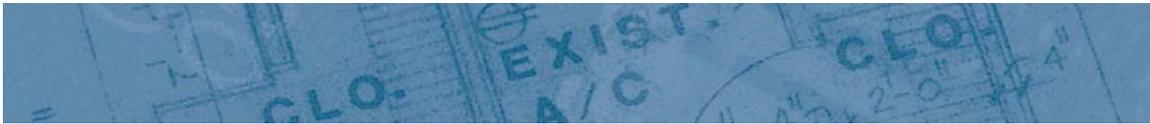
The consumer respondents were asked, on a scale from 1 (*would not support at all*) to 5 (*would strongly support*), whether they would support new regulations to require new home construction contractors and home renovation contractors to be licensed by an appropriate industry licensing body.

**Table 4: Consumer Support for Mandatory Licensing of New Home Construction Contractors and of Renovation and Repair Contractors, 2005**

(n=400)	Support for mandatory licensing for new home construction contractors	Support for mandatory licensing for residential renovation and repair contractors
(5) Would strongly support	57%	51%
(4) Would support	11%	13%
(3) Not certain about support	8%	11%
(2) Would not support	5%	7%
(1) Would not support at all	13%	15%
Don't know/Not sure	6%	3%
<i>Average rating (scale of 1 to 5)</i>	<i>4.0</i>	<i>3.8</i>

There were no statistically significant differences in these responses for consumer interviewees from different regions of the province.

The consumer respondents were asked, using the same measurement scale, whether they would support new regulations to require that the lead carpenter on every new home construction and home renovation project of a certain scale be a certified journeyperson (equivalent to a certified electrician or plumber). The responses were as follows in Table 5:



**Table 5: Consumer Support for Compulsory Certification of Carpenters, 2005**

(n=400)	Support for compulsory certification for new home construction carpenters	Support for compulsory certification for residential renovation and repair carpenters
(5) Would strongly support	66%	55%
(4) Would support	10%	12%
(3) Not certain about support	8%	12%
(2) Would not support	3%	4%
(1) Would not support at all	11%	13%
Don't know/Not sure	2%	3%
<i>Average rating (scale of 1 to 5)</i>	<i>4.2</i>	<i>3.9</i>

The pattern here suggests that a majority of consumers sees the logic of mandatory licensing in the residential construction sector. Support for change in the new home construction sector is somewhat more definite than for the renovations/repair sector. While there was majority support across the province, the levels were measurably higher in HRM than in Cape Breton or the rural areas.

These very recent survey findings meet the established standards for statistical reliability. They indicate that there is substantial industry and consumer support for moving forward with a program of professionalization in the residential construction industry.

However, the findings indicate that there are still minorities in the industry and among consumers who do not understand, or are not ready to embrace, such changes. This pattern of responses would suggest a strategy of moving forward slowly on the initiatives for which there is greatest support, and allowing more time to inform and consult industry stakeholders and the public.

On the industry side particularly, there may in fact be significant numbers of people who have not participated in these discussions to date and who need to be brought into the process before it moves too much further. There are many legitimate builder/renovators who are not active members of home builder associations or other industry groups. There may be other builders and tradespersons who, through lack of awareness or business management capabilities, participate in underground activities, but who would operate more legitimately if they had support and the opportunity for informed decision-making.



There is, therefore, a need for a strategy to inform as many people as possible about the need for, and potential benefits of, a professionalization program, and to give them every opportunity to participate in the process.

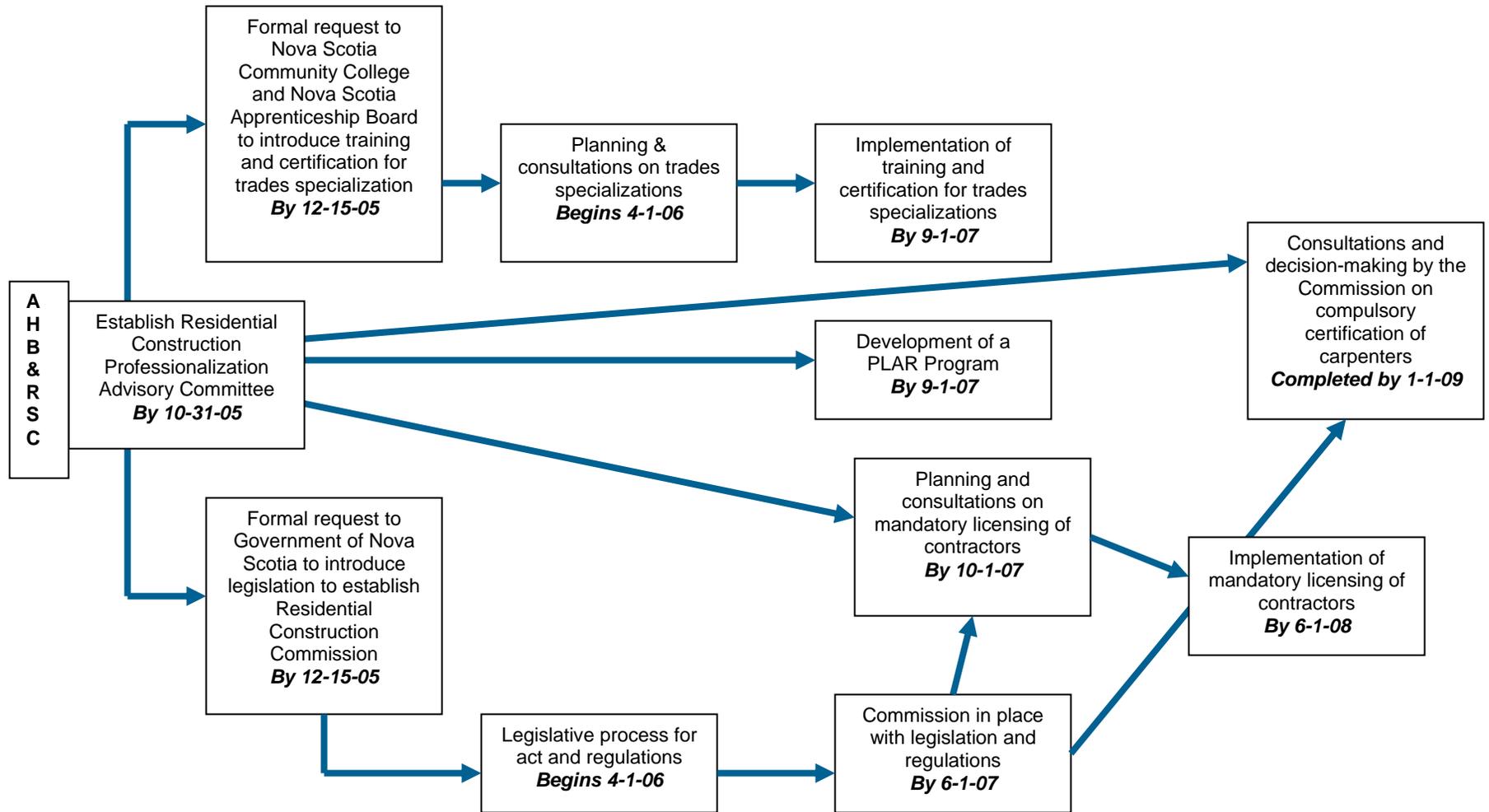
## IMPLEMENTATION PLAN

### 3.0 IMPLEMENTATION PLAN

The Board of the AHB&RSC is proposing a strategic approach to the implementation of a comprehensive professionalization program for the residential construction industry in Nova Scotia. It is based on the recognition of the need to move in a logical, step-by-step fashion with every opportunity for industry and consumer stakeholders to have input to the process. The strategy involves five action stages as described in the following diagram:

# PROPOSED TIMEFRAME

## PROPOSED TIMEFRAME Professionalization in the Home Building & Renovation Industry in Nova Scotia





The proposed action steps are as follows

1. Immediate establishment of a Residential Construction Professionalization Advisory Committee to guide and facilitate the development process.
2. Formal establishment of the Residential Construction Commission before the end of the spring legislative session in 2007 through appropriate provincial government legislative and regulatory action.
3. After appropriate consultations, introduction of mandatory licensing of residential construction contractors beginning January 2008 according to standards and requirements set out by the Commission.
4. Introduction of modular training and certification of trades specialists for the academic year beginning in September 2007 after full consultation and joint planning involving the AHB&RSC, the Nova Scotia Community College and the Nova Scotia Apprenticeship Board.
5. After planning and consultations, development and implementation of a prior learning assessment and recognition (PLAR) program by the fall of 2007 to facilitate the integration of people already established in the industry within new mandatory licensing and certification systems.
6. After full consultations, introduction in January of 2009 of mandatory employment of certified carpenters on residential construction projects of a certain nature and scale (as defined by the Commission).

### **3.1 The Residential Construction Professionalization Advisory Committee (RCPAC)**

The AHB&RSC has worked with an Advisory Committee for this project, and leading up to the PRO SPEC 2006 Conference, on an informal basis. A first step in launching this new stage in the process will be to formalize that committee as an Advisory Committee to the AHB&RSC Board with a mandate to involve the key potential partners for implementation. The RCPAC should be chaired by an AHB&RSC Board member and include appropriate additional representation of the Sector Council and of:

- Nova Scotia Home Builders' Association;
- Atlantic Home Warranty Program;
- Nova Scotia Real Estate Commission;
- Nova Scotia Community College;
- Nova Scotia Provincial Apprenticeship Board;
- Province of Nova Scotia: Service Nova Scotia and Environment & Labour;
- Building inspection officials;
- Canada Mortgage and Housing Corporation;
- Relevant consumer's association; and
- Banking and insurance sectors.



### 3.2 Residential Construction Commission

A critical step in the professionalization program will be to establish a legitimate industry body with the authority to set standards and the resources to provide leadership and efficient licensing and certification services to the industry.

After considering a variety of models in different jurisdictions in Canada and in other countries, the AHB&RSC is recommending a well-proven, “home grown” approach from a related field of professional activity.

The Nova Scotia Real Estate Commission (NSREC) provides a relevant and effective model for industry-led licensing of business practitioners. The Commission is set up under a provincial statute and operates as an independent, non-governmental agency responsible for the regulation of the various sectors of the real estate industry. Its core mandate is to protect consumers by establishing standards for applicants and licensees, and to promote “the highest standards of professionalism, competence and integrity” in the industry.<sup>5</sup>

The Commission is governed by the Nova Scotia Real Estate Trading Act.<sup>6</sup> The Act specifies that no-one can sell real estate in the province unless licensed to do so by the NSREC. Membership of the Commission, as specified by the Act, includes:

- Three members of the general public (i.e., not licensed real estate practitioners) appointed by the government;
- Three licensed real estate professionals elected by licensed practitioners;
- Three members appointed by the Nova Scotia Real Estate Association, and;
- The chief executive officer or “Registrar” of the Commission.

The Commission oversees the administration of the licensing system and the setting and collection of fees that cover the costs of the Commission. It also prescribes the terms of licenses, defines “standards of professional conduct, competency and proficiency”, and sets out a “code of conduct for licensed persons”.

On the training side, the Commission prescribes “classes, lectures, courses of study, systems of training, periods of service and examination for licenses and applicants for licenses”, and sets

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<sup>5</sup> See the NSREC web page, [www.nsrec.ns.ca](http://www.nsrec.ns.ca).

<sup>6</sup> Nova Scotia Real Estate Trading Act (see the NSREC web page), p. 7.



standards for “continuing education and requiring the participation of licensed persons in continuing education to meet license renewal standards”. There are further relevant powers and responsibilities having to do with enforcement of standards and professional norms, advertising practices, maintenance of trust accounts, etc.

It is proposed that the structure and mandate of the Real Estate Commission, and the Real Estate Trading Act itself, provide ready-made templates that can be adapted to the residential construction industry in a relatively straightforward manner. There is an added advantage that many business operators in the residential construction industry are familiar with the Real Estate Commission and may therefore understand and support the approach.

The proposal, therefore, is that before the end of the 2005 calendar year the AHB&RSC, supported by the RCPAC, approach the Nova Scotia government to begin formal discussion aimed at the establishment of the Residential Construction Commission based on the Real Estate Commission Model.

It is proposed that the AHB&RSC, as the lead human resources agency for the industry, assume the role occupied by the Real Estate Association as primary voice for industry in this process.<sup>7</sup>

It should be understood that when the provincial government moves forward with this initiative it will conduct further public consultations as part of legislative procedures and formulation of regulations. This process will provide important opportunities to refine the model and to educate industry members and the public about the objectives and potential benefits of this change.

### **3.3 Licensing of Contractors**

Work on full implementation of this important step will begin as soon as the Residential Construction Commission is set up with legislated authority. However, the AHB&RSC, with guidance from the RCPAC, should continue its current research and consultations and proceed with the drafting of detailed licensing standards. The strategic goal would be to have full proposals ready for consideration by the Commission when it begins its work.

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<sup>7</sup> Other key industry associations, including the Nova Scotia Home Builders’ Association and the Atlantic Home Warranty Program, are represented on the AHB&RSC Board.



The AHB&RSC has already examined and evaluated licensing models and standards in other jurisdictions, most notably in Victoria State in Australia and in Quebec and British Columbia, as well as the mandatory Home Warranty Program and BRRAG approach in Ontario.

### **3.3.1 Victoria State**

In Victoria State, the licensing system is run by the Building Practitioners Board (BPB) – an arm of the state-run Building Control Commission. The BPB was established administratively under the Commission and is the registration body. It has industry representation but is not industry-run.

The key issues for obtaining a license to practice in Victoria are proof of appropriate skills and competency in the field as well as business skills, and possession of required building defect insurance.

Individuals, rather than companies, are licensed by the BPB. Any person who undertakes the design, construction or approval of buildings must be licensed (surveyors, inspectors, engineers, draftspersons, builders, demolishers and supervisors of temporary structures). In residential construction specifically, anyone contracted to undertake building work valued in excess of A\$5,000 must be registered.

Builders have to register annually with the BPB, pay an annual fee, and provide evidence of paid-up defect insurance or job-specific warranty coverage liability. Builders are registered for one of three levels of competence: unlimited homebuilders, homebuilder managers, and small project renovators. Residential construction companies must have at least one registered building practitioner as a partner or director. Owner-builders don't have to be registered but they must provide warranty coverage to the purchaser if they sell the home within 5 years.

### **3.3.2 British Columbia**

British Columbia developed a comprehensive consumer protection program in the aftermath of the “leaky condo” crisis. The Homeowner’s Protection Act (1998) established the Homeowner Protection Office (HPO) with a mandate and authority to act to “strengthen consumer protection for buyers of new homes and to help bring about improvements in the quality of



residential construction”.<sup>8</sup> Key functions of the HPO include “licensing residential builders and monitoring the functioning of the third-party mandatory home warranty insurance system established under the Act”.

The HPO reports that considerable progress has been made since it was established, including a “full recovery of the industry after the crisis... an enhanced sense of professionalism, the return of consumer confidence (in which the protections provided by the Act play a significant part) and the application of improved building science and technology”.<sup>9</sup>

In a recent report, the HPO identifies key priorities for continuing development of their consumer protection system:

*There are no commonly accepted standards (education and training, construction practices, after sales services, etc.) and there is limited incentive for improved professional conduct... There are gaps in the industry training system and a shortage of skilled labour while the average age of workers is increasing and the housing market is strong... The owner-builder exemption from licensing and warranty insurance requirements is subject of abuse.*<sup>10</sup>

### 3.3.3 Ontario - BRRAG

Ontario passed its New Home Warranties Plan Act in 1976 to require the registration of home builders and a standard warranty backed by a third party guarantee.

In 2000 the Ontario government published the report of its Building Regulatory Reform Advisory Group (BRRAG) after extensive research and consultations aimed primarily at streamlining the building permit process. New regulations stemming from BRRAG were scheduled to come into force on July 1, 2005. All home inspectors, builders and designers will have to be licensed by a central registration agency. Licensing standards include passing examinations for knowledge of the Building Code Act and the Ontario Building Code, and carrying appropriate insurance coverage. To receive building permits builders are required to demonstrate that qualified practitioners will supervise or conduct the project.

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<sup>8</sup> *Raising the Bar*; A Discussion Paper from the Homeowner Protection Office, Province of British Columbia, August 2005; p. 3.

<sup>9</sup> *Ibid*, p. 4

<sup>10</sup> *Ibid* p. 12



### 3.3.4 Other Initiatives

Other provinces have also taken steps to establish meaningful consumer protection in the home building field. Québec has legislated requirements for licensing of home builders and standards for home warranty coverage.

The New Brunswick Home Builders' Association is currently working on an agreement with their provincial government on mandatory licensing system for builders and renovators. The proposed system would require all builders to sign licensing agreements in which they commit to follow the National Building Code, and to carry liability and workplace injury insurance to protect both consumers and workers.<sup>11</sup>

### 3.3.5 Proposed Nova Scotia Model

Examination of these models and trends in other jurisdictions leads to the conclusion that enhanced consumer protection in the residential construction field is a priority for many governments and industry groups. The motivations of industry stakeholders are similar to those identified by the AHB&RSC in Nova Scotia: consumer protection, more effective regulation of underground economy activity, and making the industry a more attractive place to work for skilled, career-oriented new entrants.

In the approach proposed here, it will be the responsibility of the new Commission, once it is established with legislated authority, to decide on the specific licensing standards for mandatory licensing of contractors in Nova Scotia. Based on its research and analysis of issues and trends in other jurisdictions, the AHB&RSC would propose the following guidelines for the first phase of implementation of mandatory licensing:

1. All new home builders and renovators doing projects of a certain nature and scale (as defined by the Commission) would be required to be registered with the Commission on an annual basis and to pay the specified registration fees;
2. As is currently required by the Atlantic Home Warranty Program for its members, and by the NSHBA for its Certified Residential Builder program, at least one principal owner-operator or manager in the firm would have to complete within a specified period of time the following industry courses:

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<sup>11</sup> *Report on Licensing of New Home Builders and Renovators in New Brunswick*, New Brunswick Home Builders' Association, 2005.



- a. Five Modules of the CMHC/CHBA Builders Workshop Series:
    - Foundations
    - Drywall
    - Doors and Windows
    - Moisture
    - Ventilation
  - b. The National Building Code regulatory training;
  - c. The Better Built House technical training; and
  - d. Atlantic Housing Professional Studies Program.
3. Firms or individual contractors involved in new home construction or undertaking renovation projects of a certain nature and scale (as defined by the Commission) would have to be members in good standing with a 3<sup>rd</sup>-party warranty provider, and carry sufficient insurance to cover the potential health and safety and consumer protection liabilities associated with their construction projects.

Enforcement of registration and licensing requirements would be accomplished principally through the building permit system. Builders would have to present their license credentials to the building inspectors or permit offices before they or their clients could receive building permits for projects of a certain nature and scale (as defined by the Commission).

It is anticipated that licensed professional builders would have broader responsibilities for self-regulation to reduce delays and costs associated with the current building inspection system.

It is also anticipated that in the near future enforcement of the system would be further facilitated by agreements between the Commission and insurance and financial institutions to make professional licensing a prerequisite for access to certain types of insurance and credit services.

### **3.4 A New Training & Certification Model**

Since it was established as a human resources sector council in 2000, the AHB&RSC has accomplished a great deal of the groundwork for the restructuring of training and certification for the home building and renovation industry. Through extensive communications and collaboration with the Nova Scotia Department of Education, the Apprenticeship Board and the Nova Scotia Community College, the Council has conveyed industry concerns about the established system and the need for new approaches. There is now a climate of acceptance among all these stakeholders regarding the following objectives for restructuring:

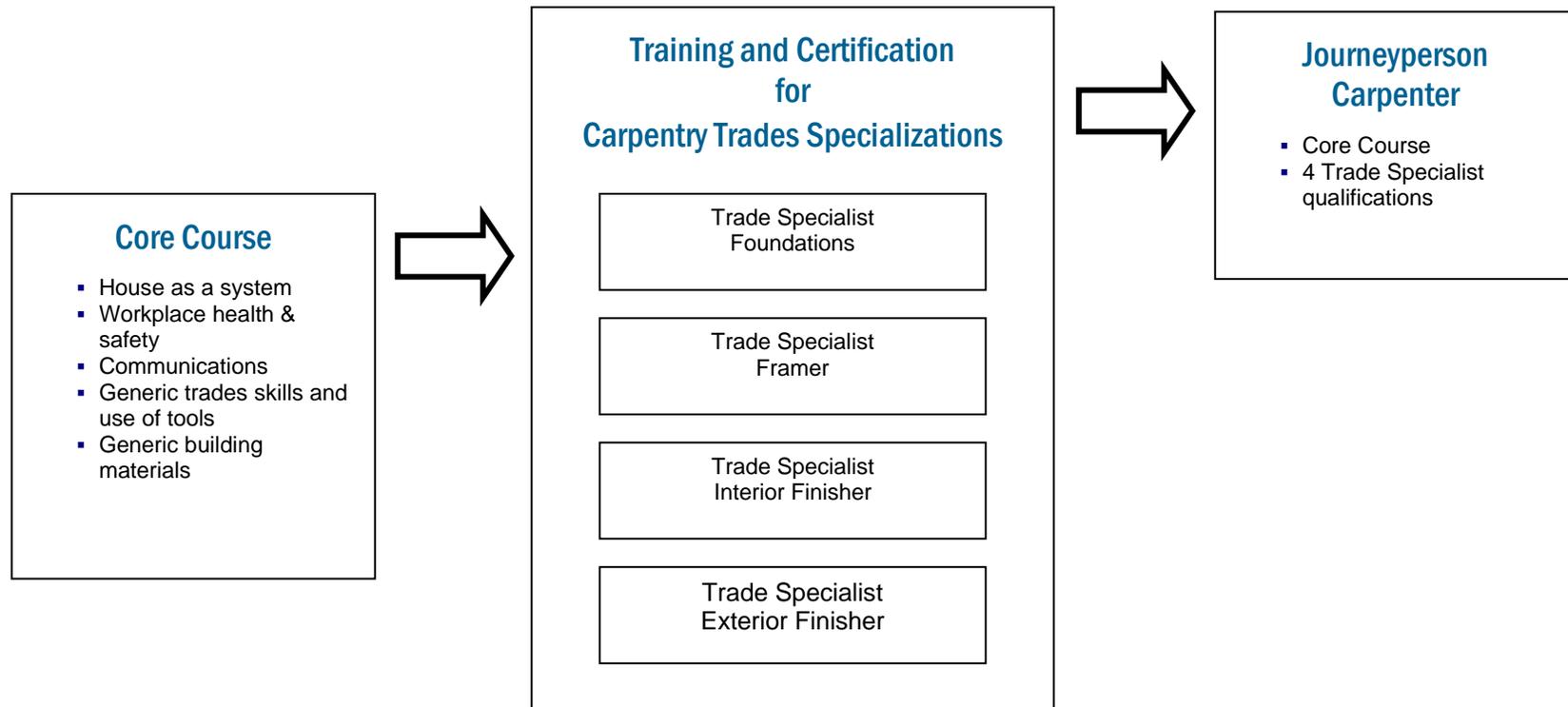


1. To develop training and certification specific to home building and renovation (as distinct from the established generic “construction industry” approach).
2. To introduce certification of “trades specializations” through short-term modular training as a basis for increasing the supply of qualified professional carpentry trades workers.
3. To establish a comprehensive framework of “competencies” (i.e., knowledge, skills and job-experience) to serve as a basis for the certification through prior learning assessment and recognition (PLAR) of qualified trades workers now in the industry who have acquired the requisite knowledge and skills through experience and informal training on the job.

The following is a schematic description of the proposed training and certification model that would make it possible to realize these objectives. At this stage in the process the model addresses only training and certification of carpenters because of the very high demand for this category of skilled worker. Other occupations would be included in the approach in future.

# TRAINING & CERTIFICATION MODEL

## TRAINING & CERTIFICATION MODEL for Professional Home Building and Renovation Carpenters





The model proposes that the existing training and certification system, including Apprenticeship, be restructured to support the professional qualification of trades specialists based on a core course to introduce industry knowledge, safety and generic trade competencies, and modular training in one or more of four trades specializations: foundations, framing, interior finishing and exterior finishing. These four specializations are recommended because they represent the key groupings of activities in the residential construction process. They are also the areas of current skills shortages identified by employers, and significant work has been done to define training approaches and certification standards for these categories in other jurisdictions, notably Saskatchewan, Alberta and British Columbia. They are consistent with the current Occupational Analysis of the Carpenter, which provides the basis for carpentry trades training and the Apprenticeship program.

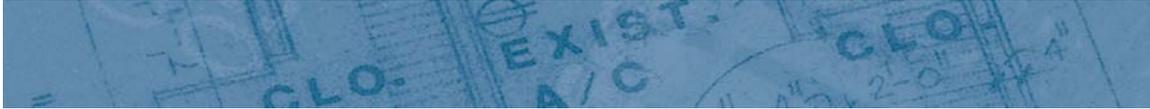
Within this new approach, to become a fully qualified journeyman carpenter, an individual would complete the core course and all of the four trades specialization modules. However, other carpentry workers might choose not to become journeymen, but to pursue rewarding careers within trade specializations.

To achieve the implementation of this new training and certification model for the academic year beginning in the fall of 2006, the AHB&RSC will continue to work closely with the training institutions. Key elements of the planning and curriculum design work are already completed, and curricular resources are available from other provinces, notably Saskatchewan and British Columbia.

One specific development task will be the design and testing of the proposed core course. This work should be begun immediately through the mechanism of the Memorandum of Understanding between the AHB&RSC and the Nova Scotia Community College.

### **3.5 Mandatory Use of Certified Carpenters**

Consultations with industry groups and the surveys of builders and consumers suggest that there is at present substantial support for a new regulatory approach requiring that new home construction projects, and renovation projects of a certain nature and scale, employ the services



of qualified journeyperson carpenters (as is now the case for electricians and plumbers).

In its strategic planning process, however, the AHB&RSC has identified reasons to move forward more cautiously with this aspect of professionalization. One key factor is that the industry is not strongly committed to the current journeyperson classification because apprenticeship and other training programs for carpenters have generally not been geared to the specific conditions of small businesses operating in the residential construction sector. There is a need, therefore, to build familiarity and credibility for the new training system before using it as a basis for compulsory certification of carpenters.

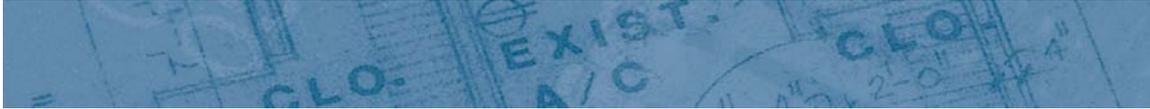
Builders are also concerned that there already are shortages of qualified carpenters and that, in the absence of other changes, the introduction of compulsory certification will make this problem more acute and may also drive up labour costs.

The logical and pragmatic approach would therefore appear to be to move forward as quickly as possible with mandatory licensing of contractor-builders and with the re-structuring of the training system, and to address the issue of compulsory certification of carpenters once those changes are accomplished and industry stakeholders are comfortable with the new regulatory and training environment.

### **3.6 The PLAR Principle**

The introduction of any mandatory training requirements brings with it the risk of creating cumbersome bureaucratic systems and regulatory complexity. One particular concern is that people who have been successfully working in the industry for years will be “forced to go back to school” to receive formal credentials for knowledge and skills they have acquired on the job.

Prior learning assessment and recognition (PLAR) is a rapidly expanding field of activity centred on the avoidance of such problems by developing practical and efficient means to identify and “certify” the knowledge and skills people have acquired through non-formal learning on the job and through other life experiences.



The AHB&RSC has done exploratory work on a PLAR model for the residential construction sector. It recognized very early in the process that one key to promoting industry buy-in for the proposed professionalization program would be to assure people that their accomplishments would be recognized and that they would not have unnecessary or irrelevant training forced upon them.

There is detailed work now underway to develop the competency frameworks and the assessment mechanisms to operate an efficient and affordable PLAR for the sector. The particular focus of concern is the introduction of mandatory licensing of contractor-builders that could be supported by CHBA's national designation work. Since that particular step will be taken relatively late in the development of the professionalization system, it is not necessary at this stage to set out full program details.

However, to promote effective industry buy-in to professionalization, the AHB&RSC would propose that the following principle be established as an overarching guideline:

*For any and all mandatory training requirements that are put in place as part of the professionalization program for the residential construction industry, individuals in the industry will have the opportunity to meet the standard through a prior learning assessment and recognition process at reasonable cost and an accessible location and time.*

# CONCLUSIONS

## 4.0 Conclusions

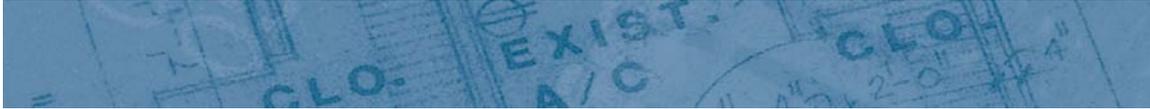
Professional home builders in Nova Scotia initiated efforts to achieve mandatory licensing of residential construction contractors in the early 1990s. Through the AHB&RSC and the Nova Scotia Home Builders' Association, they developed guidelines for an industry-driven, self-regulating licensing program and implemented the voluntary NSHBA Certified Residential Builder/Renovator Program. As well, they developed a comprehensive management, regulatory and technical training program for contractors. On the national level, Home Builders' Associations worked with Employment and Immigration Canada (now Human Resources Skills Development Canada), to define a formal Occupational Profile for the New Home Builder and Residential Renovator Contractor profession. This has provided the basis for the extensive program of industry training that has been particularly successful in the Atlantic Region.

In summary, the push for professionalization in the sector is not new and important groundwork has been put in place in Nova Scotia as in other regions. The critical next step is the development of a supportive regulatory environment.

Recently completed survey research confirms that there is substantial industry and community support for mandatory licensing of contractors and enhanced certification of carpenters. While there is a continuing need for consultation and expanded public education about the initiative, industry leaders and government partners can feel confident that there is a climate of acceptance in industry and among consumers for legislative and regulatory changes to implement professionalization.

This document proposes a strategic plan for moving forward, including a timeframe and identification of specific tasks. The plan needs now to be thoroughly reviewed by key stakeholders to identify refinements and to build an active partnership for implementation.

After an extended process of research and consultations, committed professional home builders and home renovators in Nova Scotia now want to see action on their professionalization agenda. Consumer protection for homeowners in Nova Scotia is inadequate, and protection of worker health and safety on job sites needs to be improved. Widespread underground economic activity



in the sector generates significant risks for both consumers and workers while seriously impeding business viability and human resource management for legitimate industry operators.

Nova Scotia is falling behind other jurisdictions in dealing with these challenges. Modernization of the regulatory environment for residential construction is a serious public policy priority. The AHB&RSC has generated convincing evidence that the industry is willing to do its part to meet these challenges. The time is right for a broader partnership of stakeholders to move forward with the further development, validation and implementation of the action plan set out above.

## APPENDIX 1

### 5.0 Appendix I: AHB&RSC Industry Training, Research and Consultation Reports

#### INDUSTRY COURSES

Atlantic Housing Professional Studies

- Business Planning
- Financial Management
- Banking & Borrowing
- Land & legal Issues
- Marketing & Sales
- Managing Design
- Managing Construction

National Renovators Business Course (with CMHC)

The Better Built House

NBC - Part 9 The House

Site Supervision

Energy Efficient Retrofits

CMHC Builder Workshops - 5 Modules (with CMHC)

Moisture in Atlantic Housing (with CMHC)

Simply Accounting in Construction

#### HUMAN RESOURCE STUDIES

A Human Resources Sector Study for Prince Edward Island (March 2001)

A Human Resources Study of the Home Building and Renovating Sector in Nova Scotia:  
Update of Phases I and II (July 2001)

A Human Resources Study for the Home Building and Renovating Industry in Nova Scotia:  
Phases III and IV (March 2001)

A Human Resources Study of the Home Building and Renovating Sector for New Brunswick  
(May 2002)

An Overview of the Home Renovations Sector in Nova Scotia (May 2002)

A Human Resources Study of the Home Building and Renovating Sector: Phases I and II for  
Newfoundland & Labrador (September 2002)

Identifying and Supporting Enhanced Opportunities in the Renovation Sector (March 2004)

A Human Resources Sector Study for the Construction Industry in Prince Edward Island  
(June 2004)

- Profile of the Construction Industry & Its Workforce
- Findings & Policy Considerations



- Focus Group Report
- Economics of Labour Shortages
- Training Report
- Emerging Trends
- Employer's Survey
- PEI Carpenters EI Beneficiary Survey & PEI Construction Electricians EI Beneficiary Study
- Atlantic Comparison Report & GIS Report

A Human Resources Study of the Home Building and Renovating Sector: Phases III for Newfoundland & Labrador (May 2005)

- Key Findings
- Employer Survey
- Focus Group Report
- Employee Interview Report - Carpenters
- Economics of Labour Shortages
- Secondary Data Report
- Action Plan Report: Finding the People to do the Job (March 2004)
- Action Plan Report: Strategic Planning (May 2005)
- Phases I-III Summary Findings

### **LABOUR MARKET INFORMATION**

Discussion Paper: Apprenticeship Training for Residential Construction Trades in Nova Scotia (March 2002)

Seasonal Dependency in the Residential Construction Sector in Nova Scotia (March 2001)

Worker Shortages & Surpluses Study for Selected Trades in Nova Scotia (June 2004)

Current Impact of the Underground Economy - Residential Construction Sector in Nova Scotia (March 2004)

### **OCCUPATIONAL ANALYSIS**

Occupational Analyses Review for the Residential Construction Sector in Nova Scotia (March 2001)

Report on Research and Consultations: Licensing and Competency Based Assessment (March 2003)

### **LICENSING & CERTIFICATION**

Proposal for a Program of Professionalization for the Home Building & Renovation Industry in Nova Scotia (March 2001)

Review of Issues, Impacts & Options in Building Inspection Systems (November 2002)

Home Building & Renovation in Nova Scotia: The Professionalization Option (March 2004 - PRO SPEC 2004 Conference Discussion Paper)

Proceeding of a Regional Conference on Professionalization and Occupational Licensing for the Residential Construction Sector in Nova Scotia (June 2004)