

1.0 Introduction

This study was funded by Services Canada through the Labour Market Development Agreement. It is one of a series of labour market studies conducted in critically important sectors of the economy for the purpose of understanding labour market challenges, needs, and opportunities in the Province. The study process was managed by a steering committee established by the Residential Construction Sector Council including representatives of the industry and government.

Following a publically advertised Request for Proposals a contract for the study was awarded to Kenneth F. DesRoches – Consultant. For the assignment Don MacCormac and Ron Smith, consulting associates, joined the study team. The overall purpose of the study was to identify and make recommendations to resolve important Human Resource (HR) issues in the residential construction sector on P.E.I.

The issues are articulated in the following study objectives:

- Identify and make recommendations with the aim to resolve the skills and training challenges faced by the residential construction industry.
- Identify and make recommendations with the aim to resolve the recruitment and retention challenges faced by the residential construction industry.
- Identify and make recommendations with the aim to resolve the challenges associated with remuneration and working conditions in the residential construction industry.
- Create an overview of current conditions and trends and, from the overview, identify best practices with some attention to the feasibility of implementation.
- Create a profile of the industry including current conditions and trends.

The study process was designed to take advantage of the perspective of employees, employers, and educators. A comprehensive data collection strategy was used to obtain the necessary information that would form the basis for creating solutions to address the human resource issues in the sector.

2.0 Methodology

The study methodology was built in consultation with the steering committee and included three methods of data collection:

- Literature Review
- Employer & Employee Interviews
- Key Informant Interviews

With the data gathering complete, there began an extensive analysis of the inputs from all sources in order to address the main requirements of the study, including the following:

- Assess skills and training challenges and make recommendations for best practices with some attention to feasibility.
- Assess recruitment and retention challenges and make recommendations for best practices with some attention to feasibility.
- Assess remuneration and working condition challenges and make recommendations for best practices with some attention to feasibility.

This report was then developed with a view to presenting the findings from the data collection, the analysis of those findings, and the consultant's conclusions and recommendations.

3.0 The Sector

The P.E.I. residential construction sector is a difficult one to define. The difficulty comes from three main factors:

- Most of the businesses who would consider themselves to be in the sector are involved in both residential and commercial construction, although their primary activity is residential.
- The sector includes several significant businesses in each of the trade categories. At the same time it is largely made up of very small companies – an owner operator and a few employees who take on work wherever they can find it. They come and go, to some extent based on the economy, the level of service demand in the sector, the season, and a host of other circumstances, making it difficult if not impossible to accurately create a picture of the sector at any one point in time, let alone over time.
- There is a significant underground economy at work in the sector. Trades people, whether trained or skilled or just “good with their hands” are around doing work for cash or in trade for other services.

The sector plays a very important role in the economy of the Province. When one considers the costs related to residential development (land, landscaping, services development) and the benefits associated with taxation and economic spin offs it is not unrealistic to consider that residential construction in the Province has a value annually in excess of 2 billion dollars.

To appreciate its value it is also necessary to look outside of the numbers. Growth and development in an economy is a result of interdependent forces. As an example the new Provincial Prosperity Strategy will require an in-migration of essential skills in research and technology.

The ability to develop that kind of in-migration will create diversified housing demand which in turn will require access to a mature and qualified residential construction industry. On the one hand investing in the development of that industry is a pillar in the strategic initiative in prosperity through aerospace, information technology, bio science and alternative energy. On the other hand the success of the prosperity initiative will create housing demand which, in turn, will result in a payback for the public sector on the investment it has made in building the residential construction industry. That the sector has a significant presence in, and impact on, the economy of Prince Edward Island is an inescapable conclusion.

4.0 Major Findings

The report contains a great deal of information about the residential construction sector on Prince Edward Island. The major findings in the report are summarized under the following headings:

- The Sector
- Employment in the Sector
- Apprenticeship
- The Supply/Demand Gap
- Training
- Wages/Salaries
- Regulation

5.0 Conclusions and Recommendations

This study comes to significant conclusions that are documented and form the basis of several recommendations for the consideration of those involved in the public and private sector that have responsibility for the continuing growth and development of the industry. These conclusions are summarized as follows:

- The residential construction sector in Prince Edward Island plays a critical role in the economy of the Province. The estimated annual value of its direct and indirect contribution to the Provincial economy is in excess of 2 billion dollars. The sector should be seen as a critical pillar in provincial economic development initiatives. Given the significance of the sector it is important to create more consistent ways to measure the impact of the sector over time.
- There is a significant need for investment in all aspects of management and human resource development in the sector.
- The sector is currently constrained in realizing its potential for growth as a contributor to the economy by a lack of industry definition and coherence and by a shortage of required skills in the labour force.

- An investment in strengthening the industry will benefit from a cause/effect relationship; on the one hand it will cause improvements in compensation and working conditions and on the other hand it will result in a stronger industry able to sustain the economic benefits which will be derived from these improvements.
- The potential for growth and development in the industry and in its contribution to the economy of the Province will require a close working relationship between the industry and government through such vehicles as the Residential Construction Sector Council.

These conclusions lead to the following recommendations for the consideration of the industry and government.

Recommendation # 1: Enhance the Apprenticeship Programs

Through a consultative process with industry and government the Residential Construction Sector Council should develop and advocate enhancements to the Provincial Apprenticeship Program including:

- The declaration of carpentry as a required area for certification through apprenticeship.
- The development of a system of provincial income tax incentives to encourage contractors to engage and support apprentices through to their red seal certification.
- The development of a subsidy program which would enable companies or groups of companies to engage and support retired red seal certified tradespersons to serve as mentors to journeymen in the process of teaching apprentices at the job site and to act in lieu of employed journeymen as on the job trainers of apprentices.

Recommendation # 2: Develop and Implement an Essential Skills Program

The Residential Construction Sector Council should enthusiastically support the application of the newly developed Essential Skills Program in the residential construction sector by ensuring that employers and apprentices throughout the sector are aware of it, by encouraging its use, and by encouraging government to continue to support the program.

Recommendation # 3: Work on More Effective Relationships with Training Providers

The Residential Construction Sector Council should initiate discussions with officials of Holland College with a goal of improving communications and creating a collaborative approach to addressing the trades training challenges facing the industry. These discussions should be expanded to include private trainers if and when they become engaged in the service.

Recommendation # 4:**Create a Strategy to Provide Enhanced Training for Employed Workers**

It is recommended that the Residential Construction Sector Council create a strategy for the industry to provide a range of upgrading and ongoing skills development training in a range of learning areas, that these take advantage of existing programs to the extent possible, and that new programs be developed with external training providers. The strategy must include a viable financing plan which will include an enhanced commitment by the industry itself.

Recommendation # 5: Enhance Training at the Entry Level

To build on the awareness of and exposure to trades training now available in the school system, it is recommended that the Residential Construction Sector Council develop display and resource materials and use them to participate in high school career days throughout the Province. Further it is recommended that the Residential Construction Sector Council facilitate collaboration between Holland College and the industry to better define entry level program requirements and to create an effective strategy to develop and deliver the identified programs.

Recommendation # 6:**Advocate for Programs Aimed at Developing Business Competencies for Journeypersons**

The Sector Council should advocate for the timely implementation of the Business Competencies for Journeypersons training project, and encourage their members to participate.

Recommendation # 7:**Demonstrate a Comparative Sense of the Value of Staying at Home**

We recommend that the Residential Construction Sector Council explore and develop the idea of helping those considering Western Canada as an option look at the idea more realistically through an externally delivered training program. If the program is seen to be feasible and of value, the Council should enter into discussions with the appropriate body to have the program offered across the Province.

Recommendation # 8: Experiment with Profit Sharing

It is recommended that the Residential Construction Sector Council engage a small task force of contractors in the business, with professional assistance, to design a model profit sharing program for use in the sector, that the task force engage a firm to test the model, and develop a program to promote it throughout the industry.

Recommendation # 9:

Develop and Promote an Enticement Package as Part of a Retention Strategy

It is recommended that the Residential Construction Sector Council develop and promote an enticement package aimed at retaining skilled workers in all areas of the industry.

Recommendation # 10:

Study Compensation and Create an Agency to Maintain an Ongoing Information Base on Compensation

A] The Sector Council adopt a project to study compensation rates being paid for trades classifications in PEI, and publish the going rates or ranges to their members on a regular basis.

B] The Sector Council promote the concept of an appropriate agency to gather and disseminate local, regional, and national wage rates on a timely basis.

Recommendation # 11: Develop an Employee Benefits Program for the Industry

It is recommended that the Residential Sector Council take the leadership in defining and developing a benefits program for the industry, one that would be offered by a body external to the Council, and made available to all of the participants of the industry who are members of the Council.

Recommendation # 12: Promote Business Management Training for the Sector

The Residential Construction Sector Council should undertake to promote the value of business/management training, and ensure that training opportunities, appropriate for the Trades are available.

Recommendation # 13:

Lead in the Development of Management and Entrepreneurship Training

It is recommended that the Residential Construction Sector Council take the lead in investigating the availability of existing programs and developing an integrated program of management and entrepreneurship training offering for the industry in Prince Edward Island, accompanied by an appropriate certificate, and that they negotiate for the delivery of such a program through an external group or organization.

Recommendation # 14:

Promote the Adoption of the National Building Code and Mandatory Licensing

It is recommended that the Residential Construction Sector Council develop a proposal for the consideration of the industry and of the government that would see the adoption of the National Building Code in the Province. In this regard the Sector Council should also develop a proposed system for the registration and licensing of all building contractors operating in the Province.

Recommendation # 15: Organize an Industry Forum

It is recommended that the Residential Construction Sector Council organize an industry wide forum to consider and discuss the results of this survey and to consider its participation in the ongoing work of the council.

Recommendation # 16: Communicate the Report to Industry Stakeholders

It is recommended that the Residential Construction Sector Council arrange for the development and distribution of a précis form of this report making the key information available throughout the industry in a way that encourages membership in the sector council and also informed consideration and discussion of the information and recommendations gathered in this process.

6.0 Conclusion

The residential construction and renovation sector on Prince Edward Island plays an important supporting role in the development of the Prince Edward Island economy. The sector is facing some interesting challenges in the current economic environment on the Island.

The study provides specific information about the situation and presents potential solutions for the consideration of the Residential Sector Council, the industry, training providers, and government. It is important that there be a cooperative and collaborative approach to the important work of developing the sector's human resource capacity.

As the Province sets out, in concert with the Government of Canada, to establish through a Prosperity Strategy a new direction for the economy of the Province it is important that all recognize the importance in economic development of a strong and broadly defined infrastructure that supports the new jobs and population that come with economic growth. A critical part of that infrastructure is the capacity of the residential and residential construction sector to meet the new and varied demand for housing.

We are indebted to the members of the industry and interested key informants who gave of their time and energy to support this research work.