



**Notes for Remarks by Kevin Lee to the
House of Commons Standing Committee on Human Resources, Skills and
Social Development and the
Status of Persons with Disabilities**

March 19, 2019

Thank you, Mr. Chair.

The Canadian Home Builders' Association represents some 9,000 member companies from coast to coast, and as such we are the national voice of the residential construction sector. Over 4,000 of our members reside in Ontario, so I am pleased to also be joined today by both the CEO and the President of our Ontario Home Builders' Association, who will also be able to provide you still more insights.

Today, all of Canada faces challenges in meeting requirements for skilled tradespeople in the residential construction industry, and that challenge will increase over the coming decade. This is particularly true in the Greater Toronto and Hamilton area.

The challenge is that we are already facing tight labour markets in many regions, and given the aging workforce, our work with BuildForce Canada shows that some 130,000 workers will be retiring over the next decade. The current feeder system of young Canadians and immigration will not serve to fill those vacancies, so the skills shortage will heighten unless we change the equation.

This situation will require ongoing new construction and extensive renovation of Canada's existing housing stock, and with it of course, residential construction workers. It also important to note that renovation has overtaken new construction in Canada in terms of economic activity, so even in areas with poor economies and hence less new home construction, renovation continues, and skilled worker requirements remain.

This challenge is not unique to residential construction. I regularly attend the Employment Insurance Commissioner's roundtables at Employment and Social Development Canada, along with representatives from all employer industries in Canada. From all sectors there is a continual refrain: not enough skilled, and frankly unskilled, labour. We are all competing for the same under-supplied pool.

Over the past two or three decades, in a drive to higher education to respond to the knowledge economy, Canada's education and immigration systems have focused on university education and its career paths; this has led to a shortage in the skilled labour workforce.

In residential construction, there is a particular challenge, as it is a sector of small businesses, with limited training and recruitment capacity.

More than 240,000 residential and non-residential building enterprises across Canada are sole proprietorships. Then, of the 142,000 enterprises that do have employees, 81 percent or 115,000 firms have fewer than 10 people working for them. Just over 500

firms, so less than half a percent, have 200 or more employees. Education, training and recruitment are all challenges for small businesses.

On a positive note, recent fixes to the apprenticeship ratios in Ontario will be helpful for the residential construction industry in the GTHA. At the same time, it is important to note that the sector also employs many skilled workers that are not in apprenticeable trades, so federal programs geared only to apprenticeships fall short for the construction sector and many other industries.

That's the challenge. Now how do we address it? To address skilled worker shortages all across Canada, the federal government needs to take a lead role in promoting careers in the skilled trades. We have a cultural "parity of esteem" issue where skilled worker careers are seen as lesser options than university degrees. This needs to change and there is a federal role leadership role to be filled there.

The federal National Occupation Classification system needs to better reflect residential construction.

The federal government needs to support more economic immigration for skilled workers in residential construction.

And in general, we need to:

- i. tweak the immigration system to respond better and more quickly to labour shortages in construction through permanent immigration solutions (noting that these skills are transferrable and mobile, even if regional conditions change),

- ii. adjust the education system to better direct students into skilled-worker careers, and
- iii. encourage young Canadians to make construction a career path of choice.

One potential opportunity is to note that the Future Skills Council announced on February 14th did not include the construction industry in its plans. This is unfortunate as no matter how other industries evolve in the future, there will be an ongoing need for residential construction, more skilled workers in this sector, and an evolution of skills and productivity to address workforce shortfalls. CHBA would be happy to work with the government to put together a similar initiative for residential construction.

And lastly, I would be remiss if I didn't quickly comment on the very biggest thing having an impact on jobs in this sector: the stress test, compounded on previous mortgage rule changes, which together are now causing an excessive economic slowdown in residential construction.

It's important to note that the Bank of Canada has now changed its forecast from the Fall, and housing is now forecasted to instead be a drag on the economy, and our CHBA member survey showed 95% of our members blame that on the stress test directly. We are seeing layoffs in our industry as a result and warnings from members that things will get worse in 2019; this at a time when the Bank of Canada is now stating it overestimated the strength of the economy and is now predicting an economic slowdown. Residential construction, and skilled worker jobs, should be part of the solution, but right now government policy in this area overshoot and is directly

responsible for the economic downturn in housing and hence the economy, which will get worse this year unless things change.

We need fixes to the stress test and 30-year mortgages for first time buyers immediately. We need these fixes for young Canadians, for their financial futures, and for jobs and the economy right now and tomorrow.

Thank you.