

**PRESENTATION TO THE ASSOCIATION OF CANADIAN
COMMUNITY COLLEGES
CCA CHAIRMAN PAUL CHARETTE**

**MAY 25, 2008
PRINCE GEORGE, BRITISH COLUMBIA**

On behalf of the Canadian Construction Association, I want to express my gratitude to ACCC for inviting me here today – not just because it provides me with a chance to visit beautiful northern British Columbia, but because it has provided me with the chance to meet with dozens of leaders from the Canadian college sector. I would also like to acknowledge a few of my industry colleagues who are here with me today. I've been joined by Michael Atkinson, President of the Canadian Construction Association, as well as Roz Thorn, President of the British Columbia Construction Association – North. I think that our presence here today is evidence of the high regard that CCA holds for the work that ACCC does on your behalf, and the importance that our industry assigns to the college sector in general.

And I want to point out that I know the college system very well personally. I am a product of Red River College in Winnipeg, Manitoba, having graduated with a diploma in civil engineering in 1967 when it was originally called the Manitoba Institute of Technology. I am also honoured to have been selected in 2002 as a distinguished alumnus of the college. In addition, I have never forgotten the opportunity that I was given by the community where I grew up and by the education that I received at Red River College, and as a result, my wife and I currently provide the largest single endowment to Red River College for underprivileged students. The endowment fund provides bursaries for high school students in the central and north Winnipeg area who wish to get a post secondary education in the civil technology programs at Red River College. Although I am today Chairman and CEO of a national General Contracting company that generates more than three quarters of a billion dollar in annual revenues, it was the Canadian college system that provided me with the skills and the knowledge that I needed to become successful in my career. The matching of provincial funds to encourage more firms and individuals to donate to the colleges is a discussion for another day, but I would be more than happy to pursue this with any of the colleges at some time in the future.

As I was preparing my remarks for this morning, I lingered over the question of what should be my theme. And although it may be a bit vague and perhaps a bit general, I concluded that the theme for my talk today could be really nothing other than "Partnership". As I shall discuss, our two organizations – CCA and ACCC – are embarking on a new, and I strongly believe, fruitful partnership which should pay dividends for all of us.

But before I continue, it would be useful for me to explain what CCA is, and who exactly CCA represents. The Canadian Construction Association is the voice of the non-residential construction industry in Canada. Our members build everything but single-

family dwellings. We represent approximately 20,000 member firms through an integrated structure of approximately 70 local and provincial construction associations. For example, a contractor located here in Prince George would join the British Columbia Construction Association – North, which would automatically grant them membership in CCA. Like ACCC, our mandate is to speak on behalf of the industry to the federal government and to Canadians at large.

When we speak on behalf of the construction industry, we are speaking on behalf of Canada's largest industry sector. Construction activity represents approximately 6% of Canada's Gross Domestic Product. As of April 2008, construction employed more than 1.22 million Canadian men and women. 1 out of every 14 people in the workforce today works in the construction industry.

I should also mention that there are over 120,000 women who work in the construction industry, and that convincing more women to choose a career in construction is a priority for our industry.

And what will perhaps make my job as Chair a bit easier this year is that the construction industry in Canada is still in the midst of a boom, particularly here in Western Canada. In 2007, we estimate that the non-residential construction industry grew by 7.9% - a staggering number for an industry our size, especially considering that the media over the past several months have tended to focus on an economic downturn and US recessionary fears. For 2008, we expect non-residential construction growth of at least 5%, suggesting that the good times will continue. Although it is true that year-over-year growth in the residential sector has remained flat over the past two years, what must be remembered is that activity levels in the residential sector remain at historically high levels in Canada.

This growth spurt is reflected in employment. According to Statistics Canada, between April 2007 and April 2008 the construction industry added over 113,000 people to its labour force – that is a one year increase of over 10% - the highest employment growth rate of any industry in Canada. In fact, this increase in construction employment more than offset the 111,000 job losses in the manufacturing sector which we've all heard so much about in the media – which is one of the reasons why unemployment in Canada has remained so low, despite the downturn in manufacturing. In fact, unemployment in Canada continues to hover around 37 year lows.

And in fact, on the issue of the manufacturing sector, there is a growing belief that the downsizing occurring in the Canadian manufacturing industry is not a cyclical phenomenon, but a structural shift. As globalization allows manufacturing to move operations to lower wage countries, there will be a need to retrain the hundreds of thousands of Canadian workers who will be permanently displaced from the manufacturing sector. A perfect example was highlighted in the Globe and Mail the other day. Shawn Cerveira was a 28 year old assembly line worker in Chrysler Canada's Brampton, Ontario plant, but was laid off in March. Realizing the future of assembly line work to be bleak, Shawn is hoping to retrain himself in a construction trade. Although there are many people in the manufacturing sector who already have construction skills and have made the transition to construction already, the fact is there are many people like Shawn – laid off, but in need of training.

The message that I would like to deliver today is quite simple – construction in Canada is a large, labour intensive industry. It needs people. It needs trained people. And those needs are not going away anytime soon. Next month, the Construction Sector Council will be releasing its next series of provincial and national Labour Market Information reports that will pinpoint labour needs within the industry. The next report will project that between 2008 and 2016, the Canadian construction industry will need to recruit and train 300,000 new people to meet expected retirements and growing market demands. Almost 20% of the construction workforce will retire over the next 6 years. Although that is not uncommon given the baby boomer generation nearing retirement, the sheer number of workers that that figure represents is a source of major concern.

An additional challenge confronting the construction sector is that we are not alone in needing labour. Many industries in Canada are sounding the alarm bells that they are, or soon will, face similar labour shortages of their own. For instance, the Mining Industry Human Resources Council estimates that mining will face a shortage of approximately 92,000 workers over the next decade. The Canadian Trucking Human Resources Council estimates that the trucking industry will require 37,000 new truck drivers a year over the next 5 years. The Police Sector Council estimates that 40% of the existing police workforce will retire over the next 5 years. Aircraft maintenance will require 62,000 more skilled workers by 2016. And the list goes on and on.

And domestic competition for labour is just one part of the story. Canada is also facing increasing competition for skilled labour from countries around the world. As many mostly Western nations face the same demographic problem as Canada in replacing the baby boom retirees, global competition for skilled workers – even unskilled workers – will intensify.

But these concerns over labour availability are not something that construction companies are expecting to see somewhere down the road – they are happening right now. In most parts of the country, particularly in Alberta and BC, the supply of skilled tradespeople, as well as office and supervisory personnel, is simply not meeting demand. Jobs are going left unfilled. Contractors are using a number of recruitment tools to attract the best and the brightest, but often without success.

And this is having an impact. For instance, there are an increasing number of delays in finishing construction projects, as any of you who have bought a new house recently may know. There has also been a significant increase in building costs, often because wage rates are soaring. The average cost across Canada to build a typical building built in the 3rd quarter of 2007 versus the 3rd quarter of 2006 increased by 14%. In a city like Calgary, the cost increase was 27%, and in Edmonton, 28%. This is putting real pressure not only on private sector budgets, but also on governments, and by extension, all of us as taxpayers, since governments procure a great deal of construction services, especially for infrastructure.

For many years, CCA has been lobbying the federal government for measures to address this skills shortage. We were instrumental in convincing the new Conservative government to introduce the federal apprenticeship tax credits in the 2006 Budget. We have long been pushing for the removal of all interprovincial labour mobility barriers – something that governments have committed to do by April 1, 2009. We have pushed hard for immigration reforms that would facilitate the entry of construction workers on a permanent, temporary and seasonal basis, and there have been several changes

announced. Although, with respect to immigration reform, we still have a long way to go before we are able to have any significant impact on our ability to attract skilled workers to Canada.

There is, however, one big piece of the puzzle missing – and that is with regard to training. Put quite simply, there is not enough training capacity to meet the needs of all our industries in general, and the construction industry in particular. Potential new construction workers have had to be turned away from training institutions simply because there are not enough spaces available. At a time when the construction industry is in desperate need of new people, a lack of training capacity, particularly training capacity in our college system, is simply unacceptable.

But on this issue of college capacity, I am certain that I am preaching to the converted. ACCC has been at the forefront of lobbying the federal government to provide greater resources and greater investment in our Canadian college system. And that is where our respective interests are now converging. You are looking for more federal funds to increase your capacity. We are looking for more federal funds to increase your capacity. Given this mutual interest, I was very pleased to meet with Jim Knight back in February to discuss the idea of a partnership between our two respected organizations – and even more pleased that ACCC agreed. Meetings have been held between CCA and ACCC staff since that time, where an advocacy strategy and plans to expand this coalition have been discussed.

Although it is still early, I believe that the time to strike at the federal government is right. As the baby boomers age, there is increasing attention being paid to Canada's labour force needs by governments at all levels. In fact, we are witnessing evidence that several provincial governments are stepping up to the plate and providing much greater resources to the college sector – the Ontario Budget unveiled in March, where addressing the skills crisis was the central theme of that Budget, was perhaps the best and most recent example.

However, positive moves on the part of some provinces should be no reason to let the federal government off the hook. There is an urgent need for the federal government to take on a greater leadership role with respect to the college sector. And for those who would argue that the federal government cannot play a role in the college sector due to constitutional and jurisdictional limitations, I would respectfully disagree. Ottawa has demonstrated time and time again, especially over the past decade, that it is willing to provide direct investments to postsecondary institutions. The only catch is, most of the investments in post secondary institutions over the past decade have been targeted to your colleagues in the university sector.

It would be useful to remind ourselves of some of the investments that the federal government has made in universities over the past ten years, such as:

- In 2006, the 3 granting councils which fund university research had a combined budget of \$1.6 billion.
- In 2003, Ottawa created a \$225 million fund for indirect costs of research, which has since increased to \$300 million annually, which pays for things such as maintaining facilities and resources and providing support systems such as computers or equipment.

- In 1997 the Canada Foundation for Innovation was created, which supports funding for mostly university-based infrastructure. Almost \$4 billion in federal funds have been spent on the CFI.
- In 2000, the Canada Research Chairs program was created, with \$300 million annually spent to attract leading edge university faculty.
- The Canada Graduate Scholarships were created in 2003 which supports 2,000 Masters students and 2,000 PhD students annually.
- \$120 million was provided in 2007 to CANARIE, the research broadband network linking various university research centres.

In addition, the federal government has boosted its support for university core budgets through increases to the Canada Social Transfer, and has supported predominantly university students through the Canada Millennium Scholarship Fund introduced in 2000.

I do not want to leave the wrong impression by citing these programs. I think funding university based research and university infrastructure is necessary. My point in raising these various programs is to demonstrate that there has been a lack of balance with regard to the federal government's priorities in terms of higher education. Canadian colleges have not received a proportionate amount of attention or funding from the federal government when compared to the university sector. And although I do not want to advocate for an us versus them approach, pitting universities versus colleges, I do think it is valid to point out the imbalance in funding levels between the two systems.

Substantially increased funding for colleges is urgently required all across Canada – not only for additional infrastructure in order to address capacity issues, but also for equipment in order to ensure that we are teaching the latest technologies with the most up to date equipment. I know all the colleges do the very best job they can with the tools that they have, but when I was at Algonquin College in Ottawa a few weeks ago, I was appalled at the condition of one of the testing labs. As a graduate civil technologist I am sure that I recognized some of the equipment in that particular lab as similar equipment that I used over 40 years ago.

I have been quoted on a few occasions that the federal, and for that matter the provincial governments have got to quit treating the colleges as poor cousins to the universities, and I will not stop referring to this situation in this manner until changes are made.

As I mentioned earlier, this is all happening at a time of unprecedented demand for skills training in Canada. More and more students are opting to forego a university education in favour of gaining the skill sets that only a college education can provide. As I have had the opportunity to speak at many high schools, I am hearing the career councilors are advising their students that rewarding careers can be achieved through other postsecondary paths such as colleges by taking a technology course or training in the skilled trades. The results of these efforts will put even more demands on the college system across Canada.

Certainly training in the trades is important, but it is not just trades training that colleges can provide – it is training administrative staff, office staff, estimators, and even superintendants. Our industry is lacking in these more white collar skills, just as much

as we are in the trades. Your institutions can produce people with all these skills – and our industry is desperately in need of such trained people.

As an aside, we face a related capacity problem with regard to identifying instructors and faculty. Without a sufficient number of people to teach the newest generation of workers, all the college capacity in the world will not help. But I think that is where we can work together – industry and educational institutions – to identify, integrate, and certify qualified instructors who can help to teach our future workers.

As your organization has correctly pointed out, colleges are having a difficult time meeting these growing demands. As ACCC said in its brief to the House of Commons Standing Committee on Finance last year, “With increasing costs, colleges and institutes face enormous challenges on how to remain on the leading edge to deliver quality training programs, how to continue investing in the latest technologies and how to continue professional development opportunities for their staff and instructors”.

I think part of the problem that the colleges have faced is the same problem that we in the construction industry face. To quote Rodney Dangerfield, we just “don’t get no respect”. Construction has had a longstanding perception issue as an industry of last resort, providing only dirty, low-skilled, menial labour employment. We understand that we as an industry have not done enough to shatter that stereotype. But I would argue that colleges are in a similar boat. As I mentioned earlier, colleges are often viewed as the alternative or second choice to universities – and as much as we are having some success in getting our message out there that there are still some high school guidance counselors counselling students that a university education remains the best route to a well-paying, fulfilling career. If we are to put colleges on the federal radar screen, I think we need to show Canadians and our politicians the vital role that colleges play in not just a national labour strategy, but a social strategy as well.

For instance, colleges have what I believe is a largely ignored record when it comes to providing upward mobility for youth from lower income families – what we used to call disadvantaged youth. Colleges have done a fantastic job at taking people of all ages from lower income situations and given them the tools to climb their way up the economic ladder. Frankly, that is my story. I think colleges need to do a better job at explaining to our politicians and Canadians in general the key role that colleges play in lifting people out of poverty and giving them the skills to succeed. Once that message is understood loud and clear, I believe that it will be much easier to convince our political leaders that investing in college capacity is not just about investing in bricks and mortar, but about investing in the hopes and aspirations of a whole generation of Canadians.

But it is not just about celebrating those students who enter your institutions that I think will warm over politicians. I also strongly believe that colleges can do a better job at celebrating the successes of those who have graduated. I strongly believe that community colleges should all develop distinguished alumni programs – programs aimed at showcasing alumni who have become leaders in their respective fields. Distinguished alumni serve not only as a bridge between the college and the wider community, but are valuable examples of the impact that a college can have in shaping the lives of our leaders. I have to admit that I am certainly not familiar with all the colleges across Canada, but I do know that Red River College does a fabulous job in the area of alumni programs and in celebrating the success of their alumnus which I strongly believe should be emulated in all colleges across Canada.

Those are some of the ways in which I believe that you in the college sector can better market yourselves to politicians – but as I mentioned earlier, CCA is here to help. Already, CCA and ACCC have held a number of meetings to discuss how we can convince Ottawa to provide greater resources to the college sector, and I'm happy to report that progress has been made. Following staff level meetings between our 2 associations, it was agreed that in 2 weeks time, I will host and chair a meeting of national industry stakeholders for the purpose of building a coalition that will speak collectively to the federal government about the need for reinvestment in our college system. I want to thank Jim Knight and his government relations staff for helping to organize this meeting and build our coalition. I am confident that after this meeting, we will have unanimous consent to work together on honing common messages, and we will begin to plan coalition activities and events in the fall with the aim of influencing the federal government's 2009 Budget.

As just one example of how our partnership is already paying off, I was honoured several weeks ago to be involved at a media event at Algonquin College in Ottawa, where I was joined by the President of Algonquin College, Robert Gillett, to call upon the federal government to invest the necessary funds in a new construction trades training centre being proposed by Algonquin. In a sign that perhaps our politicians are finally better understanding the role that colleges will play in meeting our future labour needs, we were informed just before this event got underway that Ottawa West MP and Minister of the Environment John Baird was planning on attending – which he did. Minister Baird voiced his support not just for Algonquin's expansion plans, but for expanding the college system in general.

I should add that this national coalition is over and above the dozens of partnerships that already exist between individual colleges and local construction associations. These partnerships are making a difference in ensuring a trained, competent construction workforce in towns and cities throughout Canada. Our efforts at the national level should hopefully serve to compliment those local efforts, and provide you with additional resources to strengthen and expand your already impressive efforts.

And in case you hadn't seen it, Prime Minister Stephen Harper gave a very interesting speech on Thursday at the Sarnia Construction Association, one of our member associations, where he stated the following: "In the coming years Canada is going to need hundreds of thousands of skilled tradesmen and women. Without skilled trades people, you can't build the factories, plants, schools, housing and other infrastructure we need to keep our economy growing and our country strong. Skilled trades are the backbone of our economy. That's why we have to make sure the next generation of carpenters, welders, pipefitters and others will be there when we need them." So perhaps our advocacy efforts do not have as far to go to reach success as we had feared.

So as you can tell, I am very excited about working in partnership with ACCC in this lobby effort to bolster investment in Canada's college system. The only way that the construction industry will be able to meet its human resource needs is if colleges have the tools, the equipment, and the personnel to properly train the next generation of workers in the construction industry.

To wrap up, I want to commend all of you for the work you do. As I mentioned at the outset of my remarks, I would not be in the position I am today were it not for the key training and education I received at Red River College, and I can assure you, there are hundreds of thousands of Canadians out there who can say the same thing. Your role and contribution to the Canadian construction industry in particular is vital, and on behalf of the Canadian construction industry, I want to thank you for your work in producing a strong and well trained workforce of tomorrow.

I would also like to thank you for the opportunity to address your conference this morning and talk about the need to work together in the coming months and years in order to address our mutual concerns.

Again, thank you, merci encore pour l'invitation, and I wish you the best for a successful remainder of your conference.