



BUDGET 2024

BC Building Trades Submission to
the Select Standing Committee on
Finance and Government Services

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This submission is respectfully submitted on behalf of the 25 local craft construction unions that represent more than 45,000 highly skilled unionized construction workers in B.C.

The BC Building Trades provides coordination and support to affiliated construction unions. By working together, organized construction workers achieve a powerful voice in government, in bargaining, and in their communities.



Introduction

The construction industry plays a significant role in the provincial economy -- employing over 230,000 British Columbians and accounting for nearly 10% of our province's GDP. Skilled trades people play a critical role in advancing this industry. There is widespread understanding that there needs to be a recalibration of trades training to align with current industry needs and workforce requirements. Immediate action and investment is needed to address the skilled trades shortage and support more comprehensive trades training in BC.

On behalf of the BC Building Trades, I welcome the opportunity to showcase our work as the top trainer of skilled apprentices in B.C. and describe why an investment in trades training is critical. We hope the Select Standing Committee on Finance and Government Services will work with us and support a comprehensive solution to addressing the labour shortage.

The BC Building Trades is an umbrella organization for 25 local unions that work in British Columbia's building, construction and maintenance industry sectors. We represent more than 45,000 highly skilled unionized construction workers in B.C. We are proud to be the suppliers of the quality workforce needed to build these projects. We have a history that is unparalleled in this province.

The BC Building Trades is also the leading provider of trades training in the province with over 5,000 registered apprentices and nearly 10,000 learners in our system. Our joint training boards operate more than a dozen trade schools and invest over \$31 million in operational funding annually to provide trades training delivery. Our schools are the backbone of trades training in B.C. and apprenticeships are at the core of what we do. We also see firsthand the impact of the current labour shortage and know that we must come together to solve this challenge.

It is crucial that the construction industry focus on the untapped well of talented workers in demographics who have not traditionally worked in construction. That means women, Indigenous people, immigrant groups and vulnerable populations. BC Building Trades training programs have been hugely successful in recruiting and training these demographic groups. Collectively, our schools are the top sponsors of female apprentices in B.C. and the top sponsors of Indigenous apprentices in B.C. With increased investment in our trades training schools, we will be able to better counteract the labour shortage in general, and also give advanced opportunities to demographic groups who deserve them.

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To support trades training in B.C., and to help address B.C.'s skilled trades shortage, we are recommending the following to the Select Standing Committee on Finance and Government Services.

Recommendations:

1. Increase training transfers from SkilledTradesBC to trades training providers by \$35 million and tie subsequent annual increases to inflation.
2. Create a union training fund dedicated to investment in brick and mortar facilities and class expansion that allocates \$80 million over three years.
3. Dedicate funding within SkilledTradesBC for the curriculum development of a Foundations program for the trades.
4. Provide the College of the BC Building Trades a grant of \$50,000 to develop a business case for a made-in-BC Trades Exhibition Hall.
5. Dedicate funding within SkilledTradesBC for an enforcement program with sufficient resources to robustly monitor implementation of skilled certification.
6. Launch a two-year joint compliance pilot mandated with the creation of enforcement teams to carry out spot checks on the construction industry.

Sincerely,

A handwritten signature in black ink that reads "Brynn Bourke". The signature is fluid and cursive, with the first name "Brynn" and last name "Bourke" clearly distinguishable.

BRYNN BOURKE
Executive Director



Context

B.C. continues to experience strong construction activity driven by all sectors in the industry. All levels of government have invested significantly in infrastructure projects which will continue to drive construction employment for the next decade.

In their latest construction forecast, BuildForce Canada anticipated that British Columbia's construction industry will need to recruit 52,600 additional workers over the 2023-2032 forecast period. A staggering 20% of the workforce (more than 38,000) are expected to retire during this time. Best projections calculate local recruitment efforts will be unable to meet the replacement of those workers, let alone recruit for the increase in construction employment requirements. BuildForce predicts industry will add only 34,000 workers over the next decade, leaving a deficit of 18,700 workers.

In addition, the retirement of a vast number of workers also means that the construction industry is losing thousands of Red Seal certified, highly experienced journey workers. Our own internal modeling reflects this as well. The BC Building Trades tracks membership numbers across our trades and prepares monthly Worker Availability Reports, which track employment in key areas of the construction industry. Our April 2023 report shows employment levels are at 87% with many trades experiencing full-time employment for more than 90% of members.

We know that we cannot recruit the requisite skilled trades people into the workforce alone. It will take unions, contractors and all levels of government working together to deliver a comprehensive strategy to replenish the skilled workforce. We are at a critical juncture – now is the time for the government to invest in trades training. Only immediate investment will allow industry to meet the demands of the projects we all want to build, while providing opportunities to equity-deserving groups.

Increasing Core Funding to Trades Training

Recommendation #1: Increase training transfers from SkilledTradesBC to trades training providers by \$35 million and tie subsequent annual increases to the cost of inflation.

Case Study: Tough Training Choices

It's critical that we solve the labour shortage, but the current funding from government does not match current need. Last year, the UA Piping Industry College had capacity and interest to put on an additional Welding Foundations class. The College asked SkilledTradesBC for additional funding, but that request was denied. Rather than stop the class, the College put forward its own money to provide the necessary training. While this certainly illustrates our school's commitment to trades training, this approach is not sustainable. With more funding, our training schools can offer more foundational training to vulnerable groups and get them on a path to well-paying careers in the trades.

Provincial contributions from SkilledTradesBC to training providers has remained stagnant for nearly 20 years.

Last year, transfer funding actually decreased from \$96,545,000 in 2021/22 to \$89,693,000 in 2022/23. With inflation, this has effectively resulted in a 50% reduction in real funding over the past two decades.

Unions and unionized employers have been backfilling this shortfall with industry contributions. Industry puts aside \$0.30 to \$1.00 from every construction hour worked under their collective agreement towards training. Industry support not only augments core operations, but also extends to donations of materials. Contractors have been donating wood, glass, floor covering materials, paint, insulation, bricks, tools, and many other supplies so apprentices have the materials they need to train.

These contributions are now the primary source of funding for trades training programs. In a time of a great need for skilled trades people, labour and industry cannot sustain the

growing subsidy levels to deliver trades training. Limited funds have meant longer waitlists for new entrants into the system, larger class sizes, and stretched teachers trying to mentor apprentices on their pathway to journey status.

We need the government to step forward and support the apprenticeship system with core funding. This funding will allow our training schools to invest in quality assessment – ensuring people get into the right program and on their journey to becoming a skilled trades worker. It will mean more teachers and classes – reducing waitlists to get into a skilled trade. It will mean industry money can be spent on the recruitment and retention of more workers into the trades – particularly Indigenous Peoples and other equity-seeking groups.

Without funding, our trades training system will not be able to meet the challenges we’re collectively facing.

Expanding Training Space

Recommendation #2: Create a union training fund dedicated to investment in brick and mortar, facilities and class expansion that allocates \$80 million over three 3-years.

There exists a strong demand for increased training spaces. Union training providers are bursting at the seams. There simply is not enough square footage to run the volume of apprentices through classes to meet industry needs.

Trainers have tried to innovate. They are running evening and weekend classes. They are taking training outside or onto the worksite. But it is not enough.

BC Building Trades training providers need access to a training fund specifically geared towards covering the brick and mortar costs associated with expanding training spaces.

The federal government has created a Union Training and Innovation Program (UTIP) that has been incredibly successful. The program provides millions annually through two streams of funding: Stream 1 – Investments

Case Study: Meeting the Demand

To meet the demand for training, the Sheet Metal Workers Training Centre Society recently opened a second facility. This addition allows them to intake additional apprentices – increasing their student population from 400 to 600 students. Yet because of rising construction costs and inflation, the new facility cost 50% more than originally anticipated. To backfill these costs, the school had to make an unfortunate choice and cut the welding and HVAC training stations. Apprentices must be cycled through to the old facility to receive this training, which is both disruptive and complicated. In addition, despite being one of the few training centres that charges tuition, every class run loses money.

in Training Equipment and Stream 2 – Innovation in Apprenticeship.

Rather than duplicate this program, we recommend the BC Government fill a critical gap in the system by creating a new fund that specifically supports increasing and improving training spaces. This capital investment in training schools will allow us to train more people, eliminate waitlists and expand programming to better attract and retain women and Indigenous workers.

Case Study: Innovation in Recruitment

The Nova Scotia Construction Council, which works with the local Building Trades Councils and Labour Relations Associations, has an innovative model to attract new entrants into the skilled trades. They have developed a Trades Exhibition Hall – a unique venue that offers students, job seekers, employment counsellors, teachers, community groups, and the general public an opportunity to experience construction occupations in a tangible way. It features 14 interactive exhibits where visitors learn about construction careers by participating in a variety of hands-on demonstrations and speaking with industry professionals at different stages of their careers. Staff at the exhibition hall speak to thousands of people a year and have a proven track record of recruiting new people into the skilled trades.

Growing Pathways Into the Trades

Recommendation #3: Dedicate funding within SkilledTradesBC for the curriculum development of a Foundations program for the trades.

Recommendation #4: Provide the College of the BC Building Trades a grant of \$50,000 to develop a business case for a made-in-BC Trades Exhibition Hall.

Government has been making progress on elevating the trades, creating more opportunities for apprentices on public projects, and implementing the Skilled Trades certification program. These are important measures that are having a meaningful impact on the development of skilled trades people. We need to expand the pool of prospective tradespeople by creating new pathways for a diverse range of workers to enter our system.

Innovative programming and experiential learning would energize the recruitment effort of a diverse population into the trades. The Nova Scotia Trades Exhibition Hall, showcased in the

case study, would be a creative approach to supporting recruitment efforts. During this critical time, we need to be innovative and forward-thinking and do everything we can to support labour supply. An investment like this would be game changing for the construction industry. This type of facility would support the recruitment of all people – but we also know that equity seeking groups may need specific supports to enter the skilled trades.

Indigenous apprentices who enter our system have higher completion rates and are better connected with careers in the trades. Our schools have had incredibly successful partnerships with agencies such as the Aboriginal Community Career Employment Assistance Society (Access). We're proud of the progress programs like the Entry Level Trades Training Program at the Electrical Joint Training Committee have had, but we know there is more to do.

One critical barrier for equity-deserving groups entering the trades is having the foundational skills required to qualify for trades training programs. The development of foundation programs can eliminate this barrier, allowing more people a pathway into the trades. Funding for curriculum development of a foundations program that works across the trades would support the pathway for many into the skilled trades and eliminate a significant barrier for underrepresented groups.


Industry Stability

Recommendation #5: Dedicate funding within SkilledTradesBC for an enforcement program with sufficient resources to robustly monitor implementation of skilled certification.

Industry is an important partner in the development of skilled tradespeople. Its participation is essential: an employer sponsor is required for an apprentice to register with SkilledTradesBC. Contractors that participate in the apprenticeship system need to have confidence that they are operating on a level playing field as B.C. rolls out skilled trades certification. That confidence will come in the form of enforcement.

Case Study: Leveling the Playing Field

The BC Government has made significant efforts to bring more workers into the skilled trade certification process. We now have 10 compulsory trades, with more trades expected to be designated soon. Industry needs to know that their investment in training is not an economic disadvantage, and that government is taking steps to ensure that those who aren't playing by the rules are identified and managed accordingly. Enforcement does that.



SkilledTradesBC must have the resources to monitor the implementation of trades certification in the affected industries and hold employers accountable for their obligations under the Act. Enforcement officers should be drawn from tradespeople with Red Seal certifications in the affected trades so that they have the background to successfully judge whether scope within the trade is being performed in the field.

Transition Workers Into the Legitimate Economy

Recommendation #6: Launch a two-year joint compliance pilot mandated with the creation of enforcement teams to carry out spot checks on the construction industry.

B.C. has a significant workforce operating in the underground economy.

Last year, the BC Building Trades commissioned Prism Economics and Analysis, a leading public policy firm, to collect and analyze publicly available data from WorkSafeBC, Statistics Canada and BuildForce Canada on the state of the underground economy in this province.

Statistics Canada has been tracking underground economic activity for years and has identified B.C. as the leading province in the country for underground economic activity in the construction sector.

The Prism report provided more detail on the nature of the activity, trades acutely affected and the economic costs. It identified some of the losses at \$308 million in unpaid income tax, unpaid Employment Insurance and Canada Pension Plan contributions, and unpaid workers compensation premiums.

While the underground or “shadow” economy includes small-scale repair and renovation work that is unreported and paid for in cash, the bigger and more prevalent problem is the misclassification of workers.

Vulnerable workers are being lost in the system and are underutilized as a source of skilled labour. Action is needed to connect with these workers and bring them into the legitimate economy while providing a true pathway to citizenship. These workers could be excellent tradespeople if given the appropriate training and support.

The Government of British Columbia can tackle this issue by creating compliance teams with staff from WorkSafeBC and the Employment Standards Branch tasked to conduct site checks on construction projects.



Conclusion

The Government of British Columbia has an opportunity to significantly scale up apprenticeship training and create the incentives and enforcement mechanisms in industry to build the workforce required. As highlighted above, we need a comprehensive workforce development approach to be successful. This will involve support for assessment, recruitment, training and retention of skilled trades workers. The BC Building Trades and our signatory contractors have been subsidizing and holding up the apprenticeship system for too long. Budget 2024 could be a turning point that provides an historic investment in trades training. As the backbone of trades training in B.C., the BC Building Trades stands ready to work with the province to build the best apprenticeship system in the country.



Appendix A: SkilledTradesBC Service Plan Financial Summary

SkilledTradesBC Service Plan 2021/22

2021/22 Annual Service Plan Report

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Industry Training Authority

Financial Summary

\$ millions	2020/21 Actual	2021/22 Budget	2021/22 Actual	2021/22 Variance
Revenue				
Core Operating Grant from Province	98.877	98.877	103.271	4.394
Project Based Funding from Province 2	16.025	17.813	13.490	-4.323
Project Based Funding from Federal	0.382	-	0.420	0.420
Other Income	1.205	1.003	0.976	-0.027
Total Revenue	116.489	117.693	118.157	0.464
Expenses				
Training Investment	96.940	97.174	96.545	-0.629
Operations	7.328	8.360	8.203	-0.157
Engagement	2.004	2.796	3.067	0.271
Business Support	8.482	7.819	8.949	1.130
Capital Asset Amortization	1.357	1.544	1.342	-0.202
Total Expenses	116.111	117.693	118.106	0.413
Net Income	0.378	-	0.051	0.051
Total [Liabilities/Debt]	-9.276	-7.467	-7.759	-0.292
Capital Expenditures	1.913	2.000	3.118	1.118
Accumulated Surplus	-8.936	-8.558	-8.987	-0.429

Note 1: The above financial information was prepared based on current Generally Accepted Accounting Principles.

Note 2: Project based funding is dependent upon the results of the procurement process or an application review process undertaken throughout the fiscal year. The current budgets include the Workforce Development Agreement (WDA), which included additional COVID-19 support in 2020/21 and to a lesser amount in 2021/22.

SkilledTradesBC Service Plan 2022/23

SkilledTradesBC

Financial Plan

Financial Summary

[\$000s]	2022/23 Forecast	2023/24 Budget	2024/25 Plan	2025/26 Plan
Revenue				
Ministry – Core Operating Grant	104,476	106,285	106,522	106,522
Ministry – Project Based Funding (1)	10,468	10,234	10,234	10,234
Ministry – Other Funding and Grants	350	0	0	0
Other Revenue	1,448	1,348	1,296	985
Total Revenue	116,742	117,867	118,052	117,741
Expenses				
Training Investment	89,693	89,616	89,433	89,433
Operations (2)	9,682	10,234	10,343	10,343
Engagement (3)	4,214	3,034	3,061	3,061
Skilled Trades Certification: Compliance and Education	1,097	2,819	2,842	2,842
Business Support	12,056	12,164	12,373	12,062
Total Expenses	116,742	117,867	118,052	117,741
Annual Surplus (Deficit)	0	0	0	0
Total Debt	0	0	0	0
Accumulated Surplus (Deficit)	8,987	8,987	8,987	8,987
Capital Expenditures	2,919	2,948	2,500	2,500

Note: The above financial information was prepared based on current Generally Accepted Accounting Principles.

¹ (1) Project-Based Funding is dependent upon the results of the procurement process, or an application review process undertaken throughout the fiscal year. The current budgets include Workforce Development Agreement (WDA). SkilledTradesBC is assuming that WDA contracts will continue at the same base level as budgeted in 2023. WDA programs are reflected in Training Investment.