

International Union of Operating Engineers (IUOE)



PRE-BUDGET 2018

Prepared for the
Standing Committee on Finance



Summary

The International Union of Operating Engineers (IUOE) is pleased to share its suggestions with the House of Commons' Standing Committee on Finance.

In Budget 2017, the Government of Canada made a solid commitment to invest in skills training in the trades and equip Canadians with the skills they need to obtain good jobs. This is an admirable first step, however, we believe that more can and should be done.

One way to further achieve that commitment is by supporting unionized training centres. In order to build Canada's middle class, and its infrastructure, much more investment is needed to train highly-skilled tradespeople. With an imminent skilled labour shortage, there is no time to wait for that investment.

For Budget 2018, the International Union of Operating Engineers is calling on the federal government to:

1. **Improve funding for training and apprenticeships by tripling current funds for the Canadian Apprenticeship Loans and Grants programs and reducing systemic barriers to training funds dispensed through Employment Insurance (EI).**
2. **Provide federal funding support for immigrants and refugees who wish to pursue training and apprenticeships in the trades.**
3. **Reduce burdensome red tape and regulatory restrictions and allocate more financial control to training centres for the government funding received.**

Background on IUOE

The IUOE is a progressive and diversified trade union representing workers in a wide variety of occupational categories. Our members have helped build Canada's infrastructure, and have been involved in the production of Canada's resources and delivery of its critical health care and community services since 1896.

We have over 50,000 members spread throughout Canada with representation in every province and territory. Approximately 85% of our members work in the construction industry. We operate tower and mobile cranes; use heavy machinery like bulldozers and excavators; and work as mechanics and surveyors on construction sites. We work for heavy civil and industrial contractors, and commercial construction companies. We are the first on job sites and the last to leave. Our members construct and shape the skylines of Canada—we are the specialists that build roads, schools, hospitals, pipelines, oil refineries, solar and wind farms, and more.

We are excited about the current government's infrastructure spending and believe we are a key partner in achieving this goal. Canada cannot build infrastructure without us, but we need Canada's help to ensure a highly trained workforce is available to make sure Canada's infrastructure investments are built.

IUOE's Training Centres

The IUOE has eight state-of-the-art training centres that develop and deliver crane and heavy equipment operator training, and a wide range of construction safety courses. Our schools and



programs are open to *all* Canadians (union and non-union) seeking training for a future career in the construction industry. Our eight training centres represent an investment of our members' money of well over \$50 million in buildings, facilities, and equipment and nearly \$10 million in annual expenditures on training staff's salaries and benefits.

We work with employers, industry partners, other building trades unions and all levels of government in developing and delivering our programs. Our students graduate with excellent job prospects, with skills that match the needs of the construction sector. Our schools are all accredited by provincial bodies (e.g. the Ministry of Training and Colleges in Ontario). All of our programs meet, and many even exceed, provincial standards.

Part of the success of our training centres is due to their use of cutting-edge technology and practical hands-on training. Our students learn on the actual equipment they will operate in the future; our graduates often report that training exceeded their expectations for post-secondary education.

Imminent Skilled Labour Shortage

As the economy has grown in recent years, the construction industry has grown even faster. While Canada's GDP grew an average of 2.4% in all industries over the past four years, construction grew by 3.2%, becoming an increasingly larger piece of Canada's economy. The construction sector accounts for between 9% and 14% of Canada's total GDP and represents approximately \$242 billion of work annually.¹ In order to keep this significant part of our economy healthy, it is paramount we continue to have the skilled labour it requires to function.

Canada faces an imminent skills shortage. Our workforce is not young and there are challenges in recruiting and retaining young workers. BuildForce Canada estimates that over the next decade approximately 250,000 skilled tradespeople directly involved in construction and maintenance will retire.² Meanwhile, the sector is also facing an increasing demand for skilled construction labour. BuildForce estimates the construction industry must attract and train approximately 330,000 people over the next ten years.³

For our part, the IUOE is doing everything we can to avert a skilled labour shortage. Currently, our training centres operate at or near capacity. Besides teaching students the skills of their trade, many of our programs also provide assistance with job searches and teach job search skills. Employment rates upon graduation are good: over 75% (some regions are even higher) of our heavy equipment operator students find employment, and nearly 100% of our crane students find employment. There is demand and need for our graduates, and we are doing everything we can to support the growth and long term prosperity of Canada's construction sector.

With support from the federal government, the IUOE's training centres and others like ours could do more—our graduates could go further—and more Canadians could start careers in the trades. Our training centres need more financial support so that we can increase their student capacity. Future students need assistance in paying for tuition and incidental costs. This will ensure more Canadians from all backgrounds can pursue the rewarding and secure careers that the skilled trades can offer.

¹ <http://www.buildforce.ca/en/media/facts> and <http://www.buildingtrades.ca/where-we-stand/industry-facts>

² Ibid., and <http://www.buildforce.ca/sites/buildforce/files/pdf/2014-15-Annual-Report-BuildForce.pdf>

³ Ibid.



Reducing Barriers to Training

Our training centres are primarily funded by the tuition students pay to take our courses. Courses for skills upgrading can last a couple of days and heavy equipment and crane courses last from several weeks to 6 months, depending on the province. Tuition varies from a few hundred dollars, to as much as \$15,000 (NL) and \$18,000 (BC). Beyond the sticker price of training, students have incidental costs (books, housing, food, etc.).

Many students are eligible and obtain Canadian Apprenticeship Loans and Grants (with a maximum of \$4,000 and \$1,000 respectively), however, there is a large shortfall between tuition rates and the value of this government funding.

Some students also qualify for funding through Employment Insurance (EI). In our experience, many students have significant difficulties accessing EI training funding in a timely manner. Delays in EI payments caused by red tape can be especially arduous for students supporting families.

Without clear, reliable, and sufficient government funding, the prospect of significant student debt is enough to discourage some prospective students from pursuing training at our centres. The much higher costs of our diplomas make it difficult for us to compete with universities and colleges—facing this price difference, some potential students abandon their dream career in the construction industry and pursue less expensive training at colleges or universities.

Therefore, the IUOE's first recommendation is that the federal government:

Improve funding for training and apprenticeships by tripling current funds for the Canadian Apprenticeship Loans and Grants programs and reducing systemic barriers to training funds dispensed through Employment Insurance (EI).

The IUOE has been a long-standing supporter of a strong, diverse, and non-discriminatory workforce in the trades. Diversity is our strength, and we embrace wholeheartedly all the benefits immigration has brought to Canada's diverse social, cultural and economic life. Our union is particularly proud of the fact that thousands of our members across the country are migrants or come from migrant backgrounds.

Our training centres are committed to helping and supporting immigrants and refugees get the skills and training needed to excel and succeed in Canada's construction industry. Nevertheless, with insufficient funding, we can do only so much to sponsor and support immigrants and refugees so that they can get the skills and training to enter the workforce.

Therefore, the IUOE's second recommendation is that the federal government:

Provide federal funding support for immigrants and refugees who wish to pursue training and apprenticeships in the trades.

Infrastructure and Capital Costs

Our training centres continually aim to minimize their costs and maximize their savings, however, some of our operating costs are fixed and cannot be reduced. In order to ensure a modern and up-to-date education for students, we must continually invest in new infrastructure to maintain excellent up-to-date training that keeps up with the ever-evolving construction industry.



A few of our schools have received financial support from provincial governments to address costs, but funding varies widely between provinces. Even though our centres are provincially recognized as training schools, we are not treated on par with colleges and universities which have greater access to funding.

Apart from funding for more space, our centres also need support to purchase and upgrade equipment and technologies. For example, our Ontario training centres used IUOE money to buy a D9 bulldozer in 2008 for \$983,000 and recently purchased two pipelaying sidebooms (to train our students for work in the pipeline building industry) at a combined cost of \$1,300,000. Our equipment is not cheap but it is absolutely necessary for hands-on learning.

Our centres continually strive to innovate and improve their training methods. The IUOE's training centres are leaders in the use of computer simulators and the use of Blackboard technology for skills training. Our Ontario training centre, at its own expense, developed and tested computer simulator training. While reducing wear and tear on equipment, simulators also improve on training time and standards. But simulators are not cheap either; each one costs approximately \$225,000.

Before the Training Centre Infrastructure Fund was terminated by the federal government in 2006, it had been a welcomed source of funding by building trades training centres like ours. That fund had \$5 million earmarked to it and funding was distributed on a matching basis. Our schools accessed and benefited from this program.

We were greatly pleased that the federal government made the commitment in May 2017 to launch the Union Training and Innovation Program. This much needed program will help us to support the next generation of apprentices and tradespeople – particularly women and Indigenous people – get the skills they need to succeed in Canada's changing economy. We want to ensure that our training centres are able to fully utilize government funding for training, and to do that we need to have the flexibility to purchase equipment and supplies without burdensome red tape and regulatory restrictions.

Therefore, the IUOE's third recommendation is that the federal government:

Reduce burdensome red tape and regulatory restrictions and allocate more financial control to training centres for the government funding received.

Conclusion

As with all educational and training facilities, the IUOE competes for limited financial resources while striving to meet the increasing need for highly skilled workers for the construction sector. Unlike colleges and universities, IUOE training facilities are focused on the development of skilled equipment operators: a class of worker which have been identified as being in high demand and of limited supply. Training these much needed workers is expensive and will require a coordinated effort from government and industry. Canada needs us to meet the demand so that this government can deliver on its infrastructure spending promises and build strong middle class communities.

To meet the federal government's ambitious investments in infrastructure, Canada will need boots on the ground at construction sites and we are the people that wear those boots. Canada needs us, and we need you to invest in training for the building trades.

Going forward, we would welcome the opportunity to participate in consultations with the committee.