



ADDRESSING CLIMATE CHANGE WITH SKILLED TRADES AND NEW TECHNOLOGIES

Submitted by:

The Canadian Institute of Plumbing and Heating and the Mechanical
Contractors Association of Canada

August 2, 2019

The Mechanical Contractors Association of Canada and Canadian Institute of Plumbing and Heating Recommend:

1. That the federal government invest in apprenticeship training and completion incentives to encourage replacement of the skilled trade workforce essential to climate change mitigation and adaptation.
 - a. **We recommend doubling the annual maximum tax credit per year, per apprentice in the Apprenticeship Job Creation Tax Credit from the current level of \$2000 to \$4000.**
 - b. **We recommend the government consider increasing the proportion of eligible salaries that are eligible for the tax credit from 10% to 20%.**

2. That the federal government increase the budget for programs promoting careers in the skilled trades with an emphasis on trades that will play an important role in addressing the climate emergency.
 - a. **We recommend increasing the investment for a skilled trades promotion program from \$6 million over two years to \$6 million per year over the next five years, for a total investment of \$30 million.**

INTRODUCTION

Ensuring Canada has an adequate supply of skilled tradespeople who are regularly updating their skills and certifications is an essential component of addressing the climate emergency.

The climate emergency is an incredibly pressing issue that will require a coordinated effort from all levels of government, the private sector, and non-profit stakeholders to address. The sense of urgency among the public and institutions has risen, but clarity is lacking on which trade-offs are most essential, and which changes should be made most immediately. The federal government will play a central role in the transition to a low-carbon economy, and ensuring Canadian businesses have the skilled workers they need to adapt should be a key goal for government.

The Canadian Institute of Plumbing and Heating (CIPH) and the Mechanical Contractors Association of Canada (MCAC) stand as partners to assist the federal government, and its provincial partners, in realizing that goal. Collectively, our association members employ over 70,000 Canadians with the majority being tradespeople. Small businesses including contractors, suppliers, wholesalers and manufacturers depend on each other to ensure the construction, maintenance and upgrading needs of Canadians are met in the built environment. Our members are constantly innovating through research and development, and commercializing new technologies that improve efficiency and limit volumes of water used—better skilled trades availability will significantly improve market access for these products.

To address the climate emergency Canadian households and industries will need to become more energy efficient while using newer, sustainable fuel sources. At the same time, economic growth should be encouraged to preserve quality of life, and the scientific progress that will help us adapt to the new realities of the 21st century. Of Canada's total greenhouse gas emissions, 17% comes from buildings, and largely from climate control, as well as heating and cooling water. The activities that need to be undertaken to mitigate climate change and to adapt to its effects will be heavily dependent on the ability of skilled trades people, particular in our industry.

Skilled trades people will install new water heating and cooling products in office buildings and retail spaces. Skilled trades people will help industries deliver new, more efficient processing and manufacturing systems based on new technologies. Skilled trades people will ensure millions of homes across Canada are able to take advantage of new water heating and climate control programs that will be essential to reducing the carbon footprint of the built environment.

For decades, the skilled trades have suffered from negative perceptions regarding the aptitude required to be a tradesperson and the opportunities that result from choosing a career in the trades. That stigma is quickly eroding as more Canadians learn about the high income-earning opportunities presented by the skilled trades. Rapid technological developments and innovation have also resulted in many trades becoming exceptionally challenging. The skilled trades

present one of the best returns on investment in education and training for individuals in a constantly evolving landscape of lifelong learning.

INVESTING IN APPRENTICESHIP TRAINING AND COMPLETION INCENTIVES

A recent study from the Canadian Apprenticeship Forum has identified that Canada will need 167,000 new apprentices over the next five years to keep pace with current demand. The age of skilled trades people in Canada has been an issue of concern for well over a decade, but the demographic crunch that loomed on the horizon is now upon us. For a country seeking to adapt to climate change, the loss of skilled trades people could scarcely come at a worse time.

The government has made important investments recently in apprenticeship loans and grants. Coupled with completion incentives it is now easier for Canadians from all socio-economic backgrounds to access education and training that will prepare them for careers in the trades. These investments are beneficial for individuals, but they remain only one piece of the puzzle. We encourage the government to continue these investments and to consider enhancing the financial benefits extended to people choosing the trades, particularly in Red Seal occupations.

We also encourage the federal government to consider increasing funding for programs that de-risk apprenticeship training for small businesses. This step will expand federal employer incentives to take on new apprentices. Frequently, small businesses with limited budgets face payment delays and other challenges that limit cash flow. Decisions between paying suppliers, meeting payroll and benefit contributions, or even investing in new capital equipment can take priority over taking on new apprentices. This limits the options for employment and even the hours available to apprentices who are working toward certification. The federal government could make it easier for employers to bring in apprentices by offering an apprenticeship training subsidy or tax incentive for hours they help apprentices complete in a given year. This will help streamline the path to full certification and develop skills, while helping employers continue to grow their businesses.

We recommend doubling the annual maximum tax credit per year, per apprentice in the Apprenticeship Job Creation Tax Credit from the current level of \$2000 to \$4000. This better reflects the rise in salaries over time and the vital need to create more apprenticeship opportunities in the near term. **The government should also consider increasing the proportion of eligible salaries that are eligible for the tax credit from 10% to 20%.**

PROMOTING CAREERS IN THE SKILLED TRADES

Contractor organizations, national associations, labour unions, and post-secondary institutions have all done important work in recent years to promote careers in the skilled trades. Through their efforts, the number of people enrolled in registered apprentice programs in Canada has

doubled since 2000. The federal government also committed \$6 million over two years in budget 2019 to promote first-choice careers in the skilled trades to Canadians. While we applaud these steps, the urgency could not be greater for new investments in promotion of the skilled trades.

The system of trades training and incentives are divided among provincial and territorial governments to reflect the variety of regional needs. It is important to preserve their ability to focus on local demands for skilled labour. However, the need to mobilize a skilled labour force to address the climate emergency requires an enhanced federal effort.

We recommend increasing the investment for a skilled trades promotion program from \$6 million over two years to \$6 million per year over the next five years, for a total investment of \$30 million. This investment will allow for the established skilled trades promotion program to scale up after development and be more widely disseminated.

TARGETTING

At present, the red seal program includes a wide array of trades that are important for national standards of training and expertise. The program ensures consistency across provincial and territorial jurisdictions not just in terms of training, but also for outcomes.

In the face of the climate emergency, it will be important to recognize that some trades are more important to prioritize and incentivize for the impacts they have on climate change mitigation and adaptation. The recommendations laid out in this brief are clearly directed to prioritize trades that will have the most positive effect on improving the efficiency of buildings and industrial applications. CIPH and MCAC understand that the government programs targeted herein cover the breadth of trades and that the incentives outlined could be costly for the federal government. For that reason, we wish to caution the committee and the department from dismissing these proposals as ineffective due to the wide range of trades involved.

Given the severity of the issue at hand, it will be important for the government to categorize trades that not only have the highest needs of skilled labour, but also those that play the most significant role in helping Canada adapt to a changing climate.

ABOUT CIPH & MCAC

The Canadian Institute of Plumbing & Heating (CIPH), founded in Montreal in 1933, is a not-for-profit trade association that is committed to providing members with the tools for success in today's competitive environment. More than 260 companies are members of this influential

Canadian industry association.

They are the manufacturers, wholesaler distributors, master distributors, manufacturers' agents, and allied companies who manufacture and distribute plumbing, heating, hydronic, industrial, waterworks, and other mechanical products. CIPH wholesalers operate more than 700 warehouses and showrooms across Canada. Total industry sales exceed \$6.5 billion annually and CIPH members have more than 20,000 employees from coast to coast.

The Mechanical Contractors Association of Canada (MCAC) is a national, non-profit federation of autonomous provincial associations working for the betterment and advancement of the trade and mechanical contracting industry in Canada.

Established in 1895, MCAC is a vibrant and diverse national association serving the needs of mechanical contractors of all sizes engaged in such disciplines as plumbing, heating, ventilation, air conditioning, controls systems, medical gases, welding, and fire suppression primarily within the industrial, commercial and institutional sectors. With offices in each province and 15 regional offices in Ontario, the MCAC is Canada's largest trade contractor Association.

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