



Mechanical Contractors Association of Canada

BUILDING SMARTER TOGETHER

Submission to

**Ministerial Pre-Budget
Consultation 2023**

FINANCE CANADA

February 2023

MCA Canada Recommends:

1. That the federal government provides Employment and Social Development Canada with funding to allow for sectoral labour market information studies explicitly for the skilled trades needed to support Canada's energy transition.
 - a. MCAC Canada estimates that just \$60,000 would be necessary to gather, analyze and report the data for people and training needed in the plumbing, pipe and mechanical trades essential to our sector in the decades to come.
2. That the federal government invest in attracting workers to skilled trades essential to Canada's carbon transition—especially the mechanical trades—to ensure current and future labour market challenges are weathered by:
 - a. Doubling the annual maximum tax credit per apprentice in the Apprenticeship Job Creation Tax Credit from \$2,000 to \$4,000;
 - b. Doubling the annual amount of the Apprenticeship Incentive Grant to \$2,000 per year or level, and the lifetime amount to \$4,000 per person;
 - c. Doubling the annual amount of the Apprenticeship Incentive Grant for Women to \$6,000 per year or level, and the lifetime amount to \$12,000 per person.
3. That the federal government establish a promotion plan that highlights certain industries, including the mechanical contracting sector, as green jobs essential to Canada's carbon transition. This plan should:
 - a. Include at least \$3 million in paid advertising annually over the next five years to promote the mechanical contracting sector as a path for students and new career professionals.
 - b. Include \$500,000 for professional organizations in the mechanical sector to develop a toolkit for contractors to use in their marketing and promotion efforts to potential workers in the mechanical sector.
 - i. Toolkits would also be shared with advisors in the education sector, including career counsellors, guidance counsellors and teachers in high schools to better provide advice about the potential of careers in the skilled trades.
4. That Budget 2023 commit more funding to the Sectoral Workforce Solutions Program. This funding should expand the building retrofit and energy efficiency stream as a commitment to address the labour supply challenge slowing net-zero adoption in the built environment. We recommend the immediate investment of \$500 million in new funding in recognition of program demand.

Addressing an urgent need

Canada needs more buildings. As our population and our economy grow there will be an increased demand for housing, commercial and industrial facilities, and healthcare and educational institutions. Ensuring emissions from the built environment decline rapidly is essential. These reductions need to be found in new and existing buildings alike.

For decades the construction industry has been warning of a demographic decline that would make it more expensive to build in Canada and make our country a less appealing place for businesses to invest. There were many calls for new approaches to skills development, gathering labour market information, and helping to promote vital construction jobs to groups that had been historically underrepresented. Now, we face inflationary pressures and demographic shifts that will make it even more difficult to meet our labour needs just as the demand for millions of new and retrofitted energy-efficient buildings is about to surge.

Still, opportunities for businesses in the mechanical, plumbing, and heating sector remain in as long as the transition to net-zero is appropriately managed. The availability of qualified labour remains one of the biggest issues facing our sector.

Canada's built environment includes almost 16.5 million buildings between homes and public and commercial buildings. These buildings are responsible for 18% of Canada's GHG emissions. To meet the net-zero goals set by the federal government, trade contractors in our sector will need help to incentivize Canadians to learn valuable skills and take on challenging roles.

Without a significant increase in skilled workers entering the mechanical trades, Canada will be unable to accomplish the net-zero transition. Not only do we need workers in the mechanical trades, but businesses need to be able to re-skill employees in a variety of roles, including estimating, project management and others, to ensure the industry is prepared to deliver more retrofits and new builds.

The federal government made important investments in training, reskilling and recruitment by establishing a clean energy stream of the Sectoral Workforce Solutions Program. We are aware that the program was exceptionally popular for applicants and that it will take some time for all applicants, including MCAC, to find out if they will receive funding. Profound demand shows that incentives are needed to help businesses and associations recruit, train, hire, and retain talent in fields that will reduce carbon emissions.

To maintain a safe and liveable world for future generations, MCAC believes we need to be building smarter, together. The support of the government is needed so those considering their careers that mechanical contracting sector can provide enriching, valuable, and productive futures.

Investing in a comprehensive plan to attract and train workers in the mechanical trades and mechanical contracting sector

Canada is weathering a storm of uncertainty related to inflation and affordability. Inflationary pressures and supply chain pressures have exacerbated problems in the construction sector, but the availability of skilled and appropriately assigned workers is a structural problem. That issue will not go away without a reimagining of public policy related to skilled trades training and retention.

It is widely reported that up to 700,000 workers in the skilled trades will retire over the coming years. We anticipate nearly 20% of workers in the mechanical trades will retire or be eligible to retire within the next five years. At the same time, demand for their labour is higher than ever and expected to increase.

Among the skilled trades, the mechanical trades are unique in the demand for workers. Not only do we face the same retirement and recruitment trends, but policy changes encouraging net-zero construction will increase demand for the products that our sector installs and services over the coming decades. Any improvements to improve energy efficiency in the built environment in Canada, and in particular the ICI sector, is welcomed by MCAC given the important role the mechanical contracting sector will need to play in order to make these improvements a reality. The Canada Green Building Strategy, the Codes Accelerator Fund and the Deep Retrofit Accelerator Initiative are all examples of progress, but they need to be matched with an employment strategy that ensures Canadian businesses and consumers do not face unprecedented price increases as a result of new rules and incentive programs.

Canada needs a plan that encourages Canadians to not only explore but choose, apprenticeships in the mechanical trades as the starting point of their careers. Industry associations and businesses need clarity on labour market information so that they can make local connections to education and training facilities. Better information will ensure that all partners in supplying labour solutions have a better understanding of anticipated demand in their region.

MCAC recommends that the federal government provide Employment and Social Development Canada with funding to allow for sectoral labour market information studies explicitly for the skilled trades needed to support Canada's energy transition. MCAC Canada estimates that just \$60,000 would be necessary to gather, analyze and report the data for people and training needed in the plumbing, pipe and mechanical trades essential to our sector in the decades to come.

We also understand that inflationary pressures are causing many Canadians to make difficult decisions related to their career trajectories. The added expenses of housing, food, and covering necessities have made it riskier for people to consider new pathways and opportunities in their careers. For decades, incentives have been used to help ensure people who choose apprenticeships are supported in that pursuit. Now, it is clear that funding has not kept pace in federal programs, even as investments have been made to reduce the overall burden of student debt.

MCAC further recommends that the federal government invest in attracting workers to skilled trades essential to Canada's carbon transition—

especially the mechanical trades—to ensure current and future labour market challenges are weathered. The government should strongly consider the following approaches:

- a. Doubling the annual maximum tax credit per apprentice in the Apprenticeship Job Creation Tax Credit from \$2,000 to \$4,000;***
- b. Doubling the annual amount of the Apprenticeship Incentive Grant to \$2,000 per year or level, and the lifetime amount to \$4,000 per person;***
- c. Doubling the annual amount of the Apprenticeship Incentive Grant for Women to \$6,000 per year or level, and the lifetime amount to \$12,000 per person.***

Promote careers in construction with an emphasis on mechanical sector

All skilled trades are valuable. They provide people with new skills to make them more productive and fulfilled, and all make important contributions to the economy. At the same time, some skilled trades are more aligned with Canada's need to transition to a low-carbon economy. The mechanical contracting sector will play a critical role in building and retrofitting the net-zero building stock of tomorrow.

Efficiency Canada estimates that it will cost between \$20 to \$32 billion per year to retrofit Canada's building stock by 2050. To land at the lower end of this range, labour costs must remain manageable for consumers. This will be best achieved by promoting skilled trades training, apprenticeships, and apprenticeship completion. Our member companies cannot retain workers that are not interested and invested in the trades and adequately resourced college programs.

We strongly believe that many Canadians, especially youth, want to play a role in addressing the challenge of climate change, but they do not know how their careers could contribute to solutions. We believe that the government has an important role to play in partnership with contractors and suppliers. Giving local businesses the tools to promote careers in the trades and in management and administrative roles that support efficient construction and retrofits is an opportunity Canada cannot afford to miss.

MCAC recommends that the federal government establish a promotion plan that highlights certain skilled trades, including the mechanical trades, as green jobs essential to Canada's carbon transition.

This plan should:

- a. Include at least \$3 million in paid advertising annually over the next five years to promote the skilled trades as a path for students and new career professionals.***
- b. Include \$500,000 for professional organizations in the mechanical sector to develop a toolkit for contractors to use in their marketing and promotion efforts to potential workers in the mechanical sector.***
 - i. Toolkits would also be shared with advisors in the education sector,***

including career counsellors, guidance counsellors and teachers in high schools to better provide advice about the potential of careers in the skilled trades.

Employment and Social Development Canada accepted proposals for the Sectoral Workforce Solutions Program in spring 2022. Applicants were told at that time that agreements would be in place by fall 2022 with successful project proponents. MCAC was among hundreds of organizations that put forward applications. The program will distribute approximately \$970 Billion in training, reskilling and upskilling activities in high-demand fields, including for Construction (building retrofits/energy efficiency). Hundreds of applicants requested nearly \$3 billion in funding through the program, demonstrating high demand. Hundreds of millions of dollars have been committed, but hundreds of millions more remain on the table. MCAC is hopeful that our proposal to recruit and train targeted recipients (newcomers to Canada and women) who are underrepresented in the trades will be accepted. At the same time, we recognize many worthy projects in the building retrofit and energy efficiency stream may be left unfunded.

MCAC recommends that Budget 2023 commit more funding to the Sectoral Workforce Solutions Program. This funding should expand the building retrofit and energy efficiency stream as a commitment to address the labour supply challenge slowing net-zero adoption in the built environment. We recommend the immediate investment of \$500 million in new funding in recognition of program demand.