

CONTRACTORS' TIPS

Crisis? What crisis?

One take on the perceived skills shortage

By Earle Goodwin

There is a lot of concern about a potential shortage of skilled trades in construction over the next 20 years. Baby Boomers are about to leave the trades and there is worry that not enough people will be coming into the trade to fill the demand for their services.

In an effort to avoid this potential problem, many solutions have been proposed. But is the electrical trade really vulnerable to a skills shortage? Should we be thrashing around looking for a cure?

Manpower shortages can be difficult enough to predict in the context of an individual company, and they become even more difficult when you consider the industry as a whole. However, there seems to be little doubt that the exit of the Baby Boomers from the workforce will have some impact. It also seems clear that some trades will be hit harder than others.

A report published in 2002 (and due for revision this year) entitled *Aging Construction Workforce and Skills Shortage - Myth or Reality?*, commissioned by the Ontario Construction Secretariat, Peartree Solutions Inc. and Prism Economics and Analysis (www.iciconstruction.com/site/pdf/AgingWorkforce/Jan2002.pdf), looked at the effects of demographics and labour-force dynamics on the skilled construction labour pool in Ontario. In 1996, these groups used census data to predict the state of the electrical industry in 2001. They found that the actual statistics of 2001 closely matched the theoretical models, opening the door for accurate future predictions.

Moreover, they found that the electrical industry was in relatively good shape. The average age of an electrician is about the same as that of the general working population and, as such, the industry is facing no greater shortage of workers than any other. The same can't be said of heavy equipment operators and bricklayers, however.

There are several factors contributing to the relative good health of the electrical construction sector. First of all, electrical is one of the most appealing trades. There is generally no problem attracting applicants for apprenticeship. In fact, most apprenticeship councils can

choose from a pile of applications when they set out to fill openings in their programs. Applicants are attracted by the variety of work they'll perform once they have their certificate of qualification (C of Q). It is one of the less seasonal construction trades, with work going on throughout the year. And, it is less sensitive to downturns in the economy because there are more opportunities to shift from new construction to renovation and maintenance work. There are also many opportunities for advancement through upgrading and specialization.

Another advantage electricians enjoy is that they're trained to Red Seal standards. This allows them to travel across North America in search of work when it dries up at home. The standards keep them working and in the trade, rather than leaving it altogether in hard times. And, the standards provide a pool of workers who will generally come home again when opportunities for work improve.

Katherine Jacobs, the Ontario Construction Secretariat's manager of research and analysis, points out that about 50 per cent of electricians work outside of construction and form a labour pool that can be drawn upon when construction heats up.

But are these really the reasons for the electrical trade's health? Is the compulsory status of the trade and mobility really what keeps the average age of the workers stable, shielding it from the dwindling numbers some of the other trades are facing? We may be about to find out.

Over the last couple of years, the government of British Columbia has been working to make the electrical trade non-compulsory and to rework the apprenticeship system along skills-based lines. Last May, that government's legislation was passed and, starting this year, their changes are being instituted. These changes will exempt people with six years of experience in the trade from an exam for their BC Trade Qualifications. No technical training will be required and they will not be able to qualify for the federal Red Seal endorsement.

Richard Campbell, executive director of the Electrical Contractors Association of British Columbia, notes that, "British Columbia is already feeling the effects of a skills shortage. The previous BC administration created an atmosphere that made builders leery of starting new construction projects. This has changed with the new government and pent-up demand has been released.

The new Vancouver Convention Centre, the Vancouver Airport expansion and many other major projects are now getting underway. The forest industry is making a comeback as is the mining industry, after years in limbo. Combined with the construction of Olympic facilities, there is an estimated \$16 billion worth of new construction way under or on the drawing board, with much of it expected to peak in 2006.

Ironically, all of this activity will draw on labour from outside BC's borders - labour that is in reserve only because of the Red Seal standards and the mobility this certification affords the workforce.

There have always been arguments against the compulsory nature of the electrical trades. Business has often expressed a desire to do their own training to the minimum standards they think they need to get the job done. This is often referred to as trade splintering or "dumbing down" the trades. The trade has resisted, stating that worker and public safety will be jeopardized by electricians who don't fully understand the complexity of an electrical system.

There is also an argument that the apprenticeship system turns out workers who are too old by the time they get their C of Q. It's not unusual for apprentices to enter the trade at 25 or 26 years of age, having worked in other areas before deciding to become electricians. This means they would, under normal circumstances, complete their apprenticeship at age 29 or 30.

On the positive side, programs are now in place in BC that introduce students to the trades at the grade 10 level. This allows the province to tap into the almost 80 per cent of students who are neither headed for post-secondary education or are already considering the trades, and giving them a head start on their apprenticeships. Now, many are receiving their Red Seal or C of Q when they are 21 or 22.

In short, the electrical trade does not look like it is going to suffer from a skills shortage to the same degree as other trades. The trade attributes this to its ability to attract and retain apprentices and journeymen, and by the mobility that the Red Seal endorsement allows.

There are far too many variables to predict, with any degree of certainty, what the situation will look like 15 or 20 years from now. Changes in economics, politics and advances in the way work is done can all have significant impacts on labour requirements. However, the situation certainly bears watching. **EB**

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So, depending on the market value of the vehicle when it's returned at the end of the lease, you may get money back (if your vehicle has lower than planned kilometers and is in better than expected condition), or you might pay more (if the vehicle has higher than planned kilometers and is in worse condition). Open-end leases are the most common form of commercial vehicle and equipment leasing. With either type of lease, proper planning will ensure that you only pay for the portion of the vehicle's life that your business has actually used.

One other thing to consider is total cost of ownership. Leasing companies typically buy thousands of vehicles from dealers and, as such, get a truck for thousands of dollars less than what you would get it for from a dealer. Part of this saving gets passed on to you, which helps you lower the total cost of ownership.

When you buy a truck, on the other hand, you keep it for its full useful life, i.e. run it into the ground. But you've got to ask yourself whether you really want to keep a vehicle for eight or 10 years. It gets expensive to maintain in those later years and it also looks worse. Some owners can keep a vehicle for nine or 10 years and keep them looking fairly good, but usually it's difficult to make a 10-year-old vehicle look like new.

Also, an older vehicle is not necessarily as safe as it was when it was new because the tires, brakes and steering are more worn and it's generally less fuel efficient. You're also stuck with a vehicle that, unless you take it to the junkyard, is hard to dispose of.

Says Benson, "we're currently studying the pros and cons of leasing. It's my feeling that that will turn out to be the better way to go."

Timing

Timing can be everything when buying a new vehicle, so pay attention to the model year. Right now the 2004s are out and the 2005s will be coming soon. If you lease a 2004 now instead of waiting for a 2005, when the vehicle goes back in three years, it will be going back with trucks that may be just a month newer but say 2005 on them. Yours will only be a little bit older, but will be competing against trucks that appear to be a whole year newer. So, always go for the new model year as soon as it comes out. **EB**