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Regional skilled labour shortages may affect federal stimulus efforts

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The federal government wants to create jobs by spending \$12 billion on infrastructure projects over two years, but a shortage of skilled labour in specific trades and regions may constrain the effectiveness of the plan.

"There is a significant risk that efforts to provide short-term stimulus to the economy will face challenges in the form of skilled labour shortages," suggests economist John Clinkard.

While agreeing a labour shortage may result, the situation isn't that straightforward, argues George Gritziotis, executive director of the Construction Sector Council. Other factors must also be considered when looking at this complex issue.

"John Clinkard was partly right," Gritziotis explains.

"The part he didn't get to is that there are regional variations to this. The degree of shortage or surplus in labour varies according to the region and trade.

"There is no definitive way to make a broad-based statement about the whole country."

The Canadian economy has entered a recession and the construction sector is shedding workers at a rapid pace.

A recent StatsCan report reveals the Canadian construction industry posted a decline of 44,000 jobs in December.

Whether or not there is a shortage of labour in a specific region or province depends on what was going on before the recession, says Gritziotis.

"The capacity of any particular region leading up to a downturn depends on what was going on in terms of specific projects," he said.

"B.C. and Alberta were hot spots prior to the downturn, so there is capacity there."

For example, in Alberta the recent cancellation of several large oilsands projects will have little influence on labour supply, says one industry insider.

"Notwithstanding all the recent announced delays and deferrals of construction projects, there will be specific labour shortages," said Bill Stewart, vice president of Merit Alberta.

"It is conceivable that there will be a shortage in some areas, but the probability that there will be a significant proportion of work that will be affected is inconceivable. Some specific areas may experience a shortage depending on the project. "

In B.C., the construction industry is bracing itself for a significant contraction, suggesting, skilled labour

shortages will not be a problem in the next couple of years.

"To think that there will be a skills shortage in construction is misreading the signs completely," said Philip Hochstein, president of the Independent Contractors and Businesses Association (ICBA).

"Many people who want to retire have had their wealth eroded due to the changing economic situation. Some of these plans will have to be changed."

Central 1 Credit Union chief economist Helmut Pastrick predicted last month that the construction sector in B.C. will shed about 12 per cent of its overall workforce in 2009.

This amounts to about 26,000 workers.

"Even in the best of times, institutional construction is one-sixth of the total value of all construction in B.C.," explained Hochstein.

"Even if you double this, you are only at one-third of all construction. So, the remaining two-thirds is not doing well."

The president of the Vancouver Regional Construction Association agreed that enough excess capacity was built up during the boom to find skilled labour for public sector infrastructure projects.

"Definitely, the industry has no concerns about responding to the initiatives in the federal budget," said Keith Sashaw.

"We have the capacity to respond. This is an excellent time for infrastructure investment and we can provide the workforce required."

Despite this, the construction industry is still dealing with a skilled labour shortage in the long-run.

"There are still concerns about skilled labour shortages, because we are facing huge demographic issues in B.C. and Canada," Sashaw explained.

"We may not be facing them in the next couple of months. But when we look at the workforce and retirement, it will be coming back at us with full force."



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