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EXECUTIVE SUMMARY
Executive Summary

• Survey was conducted online using email invitations to Merit Saskatchewan members and other firms in the Saskatchewan’s construction industry.
• The partially completed response rate of 14% and a completed response rate of 11%. Among Merit Saskatchewan members 25% completed the survey.
• When asked an unprompted open-ended question on the biggest challenge facing their business – seven in 10 said it was something to do with the labour shortage.
  – Generally as the number of full time staff increases so does the importance of the labour shortage as an issue.
• The experience of hiring workers in the last year follows a very clear line – the more specialised the worker class, the more difficulty has been had hiring them.
  – Only 26% have been able to hire journeypersons within 3 months, and 42% attempted to hire them, but failed. Combined with the size of this class – the shortage of journeypersons seems to be the most acute.
• Hiring apprentices was easier in Regina, but harder for companies with under 10 staff.
• The biggest impact of the labour shortage is that companies cannot take advantage of opportunities.
• Three quarters offered higher pay to deal with the shortage – driving up costs of projects and inflation.
• When possible government actions are evaluated by their effectiveness the most popular are ones that increase labour supply without wage inflation.
METHODOLOGY
Methodology

• Survey was conducted online using email invitations to Merit Saskatchewan members and other firms in the Saskatchewan’s construction industry.
• Invitations were sent to 1,104 valid and unique email addresses.
• Respondents were given from May 22\textsuperscript{nd} to May 31\textsuperscript{st} to respond, and were sent two email reminders.
• 117 completed responses were received, as well as 36 additional partial responses. That is a partially completed response rate of 14% and a completed response rate of 11%.
• Among Merit Saskatchewan members 25% completed the survey.
Margin of Error

• Margin of error:
  – Completed responses is +/- 8.6%, nineteen times out of twenty.
  – Partial responses (which includes most questions) it is +/-7.4%, nineteen times out of twenty.
CHALLENGES
Biggest Challenge

• When asked an open-ended question on the biggest challenge facing their business – seven in 10 said it was something to do with the labour shortage.

• Capacity issues around growth, finding clients and financing also featured.

• The following slide shows the percentage for each category and highlights some of the typical comments written by respondents.
Biggest Challenge

- Labour shortage: 70%
- Growth: 5%
- Employee issues: 4%
- Business Development: 3%
- Financing: 3%
- Logistics: 3%
- Competition: 2%
- Regulations: 2%
- Cost of goods: 1%
- No challenges: 2%
- Other: 2%

- "Finding and keeping staff." – Saskatoon, 15 person company, under $1 million in revenue
- "Finding tradespeople. For us carpenters." – Regina, 115 person company, over $50 million in revenue
- "Good & honest workers WHO SHOW UP FOR WORK." – Prince Albert, 11 person company, $1 to $5 million in revenue
- "Managing the sudden growth of the business." – Regina, 46 person company, $10 to $5 million in revenue
- "Financing larger projects." – Saskatoon, 28 person company, $1 to $5 million in revenue
- "Increase in traffic and the time it takes to get to the jobsite." – Saskatoon, 2 person company, under $1 million in revenue
- "Too much competition coming in from outside of province" – Saskatoon, 28 person company, $10 to $25 million in revenue
Importance of the Labour Shortage to their business

• The importance of the labour shortage issue was given a rating of 8.1 out of 10. This is a very high number for this sort of a question.

• It may be slightly more of an issue for Merit Saskatchewan members, but the difference is within the margin of error.

• Generally as the number of full time staff increases so does the importance of the labour shortage as an issue.

• Labour shortage is more a concern in regional centres than in Saskatoon.
Importance of Labour shortage to business by Merit Membership (scale from 0 to 10)

- All Respondents: 8.1
- Merit Members: 8.5
- Non Merit: 7.9
Importance of Labour shortage to business by Number of employees (scale from 0 to 10)

- All Respondents: 8.1
- Under 10: 7.7
- 10 to 24: 8.7
- 25 to 99: 7.8
- 100 and over: 9.1
Importance of Labour shortage to business by Region
(scale from 0 to 10)

- All Respondents: 8.1
- Saskatoon: 7.5
- Regina: 8.3
- Regional Centres: 9.2
- Rural: 8.0
Is this labour shortage typical?

• The consensus is that this is the worst or tied for worst labour shortage in memory for respondents.
  – Nearly half (49%) say that this is the worst labour shortage they have ever experienced.
  – Another third (31%) say it is equivalent to past shortages.
  – Only 12% say there is no labour shortage.
  – 8% have experienced worse labour shortages.

• Generally Merit Members are slightly more likely to believe this labour shortage is equal to or worse than past labour shortages.
Is this labour shortage typical or not?

- **We are not really experiencing a labour shortage right now**
  - All Respondents: 12% (Red)
  - Merit Member: 5% (Red)
  - Non Merit: 16% (Red)

- **We have experienced worse labour shortages in the past**
  - All Respondents: 31% (Yellow)
  - Merit Member: 33% (Yellow)
  - Non Merit: 31% (Yellow)

- **This labour shortage is no worse than during any other boom in the past**
  - All Respondents: 49% (Blue)
  - Merit Member: 53% (Blue)
  - Non Merit: 47% (Blue)

- **This is the worst labour shortage we’ve had in my experience**
  - All Respondents: 8% (Green)
  - Merit Member: 9% (Green)
  - Non Merit: 7% (Green)
EXPERIENCE
Experience hiring different classes of workers

- The experience of hiring workers in the last year follows a very clear line – the more specialised the worker class, the more difficulty has been had hiring them.
- A majority (57%) of unskilled labourers have been hired immediately without difficulty.
- A majority companies (59%) searching for apprentices have hired within three months.
- Only 26% have been able to hire journeypersons within 3 months, and 42% attempted to hire them, but failed. Combined with the size of this class – the shortage of journeypersons seems to be the most acute.
- About a fifth of companies looking for higher level positions (estimators, project managers and superintendents) did so within three months.
Experience hiring different classes of workers

- Labourer:
  - Hired immediately without difficulty: 31%
  - Hired in less than 3 months: 43%
  - Hired in more than 3 months: 16%
  - Attempted but failed to hire: 8%

- Apprentice:
  - Hired immediately without difficulty: 57%
  - Hired in less than 3 months: 16%
  - Hired in more than 3 months: 18%
  - Attempted but failed to hire: 4%

- Journeyperson:
  - Hired immediately without difficulty: 32%
  - Hired in less than 3 months: 42%
  - Hired in more than 3 months: 18%
  - Attempted but failed to hire: 2%

- Estimator:
  - Hired immediately without difficulty: 46%
  - Hired in less than 3 months: 46%
  - Hired in more than 3 months: 20%
  - Attempted but failed to hire: 4%

- Project Manager:
  - Hired immediately without difficulty: 46%
  - Hired in less than 3 months: 46%
  - Hired in more than 3 months: 13%
  - Attempted but failed to hire: 7%

- Superintendent:
  - Hired immediately without difficulty: 31%
  - Hired in less than 3 months: 17%
  - Hired in more than 3 months: 17%
  - Attempted but failed to hire: 7%
Experience hiring different classes of workers

• There was less difficulty hiring labourers in Saskatoon.
• Hiring apprentices was easier in Regina, but harder for companies with under 10 staff.
• Hiring journeypersons was easier for the smallest companies, but more difficult for those with 10 to 24 staff.
• In the following slides only the break-outs that have a statistically significant difference from the overall number are displayed. When a result is not displayed it means that it does not vary from the overall result in a meaningful manner.
• Break-outs are only available for experience in hiring labourers, apprentices and journeypersons due to sample size.
Experience hiring Labourers

All Respondents
- Hired immediately without difficulty: 57%
- Hired in less than 3 months: 31%
- Hired in more than 3 months: 4%
- Attempted but failed to hire: 8%

Saskatoon
- Hired immediately without difficulty: 66%
- Hired in less than 3 months: 25%
- Hired in more than 3 months: 3%
- Attempted but failed to hire: 6%
Experience hiring Apprentices

- **All Respondents**
  - Attempted but failed to hire: 19%
  - Hired in more than 3 months: 22%
  - Hired in less than 3 months: 43%
  - Hired immediately without difficulty: 16%

- **Regina**
  - Attempted but failed to hire: 10%
  - Hired in more than 3 months: 20%
  - Hired in less than 3 months: 55%
  - Hired immediately without difficulty: 15%

- **Under 10 Staff**
  - Attempted but failed to hire: 27%
  - Hired in more than 3 months: 27%
  - Hired in less than 3 months: 27%
  - Hired immediately without difficulty: 18%
Experience hiring Journeypersons

- **All Respondents**
  - Attempted but failed to hire: 42%
  - Hired in more than 3 months: 32%
  - Hired in less than 3 months: 18%
  - Hired immediately without difficulty: 8%

- **Under 10 Staff**
  - Attempted but failed to hire: 50%
  - Hired in more than 3 months: 15%
  - Hired in less than 3 months: 20%
  - Hired immediately without difficulty: 20%

- **10 to 24 Staff**
  - Attempted but failed to hire: 58%
  - Hired in more than 3 months: 33%
  - Hired in less than 3 months: 9%
  - Hired immediately without difficulty: 0%
Retaining skilled trades workers

• While hiring new skilled trades workers is difficult – so is retaining the ones already employed.

• 21% of respondents have had great difficulty retaining skilled trades workers (and these are more likely to be firms with 10 to 24 staff)

• Another 45% have reported some difficulty in retaining skilled trades workers.

• Altogether nearly two-thirds of companies have experienced this as a problem in the last year.
Experience retaining skilled trades workers

- We have had no difficulty retaining skilled trades workers
- We have had a little difficulty retaining skilled trades workers
- We have had some difficulty retaining skilled trades workers
- We have had great difficulty retaining skilled trades workers

<table>
<thead>
<tr>
<th>Category</th>
<th>All Respondents</th>
<th>Under 10 Staff</th>
<th>10 to 24 Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>No difficulty</td>
<td>15%</td>
<td>19%</td>
<td>16%</td>
</tr>
<tr>
<td>Little difficulty</td>
<td>45%</td>
<td>36%</td>
<td>43%</td>
</tr>
<tr>
<td>Some difficulty</td>
<td>21%</td>
<td>18%</td>
<td>35%</td>
</tr>
<tr>
<td>Great difficulty</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
</tr>
</tbody>
</table>
IMPACTS OF LABOUR SHORTAGE
Impact of the labour shortage

• The biggest impact of the labour shortage is that companies cannot take advantage of opportunities.
  – Almost half report (46%) having slower growth than planned
  – The same proportion (45%) say they were unable to bid on jobs due to lack of capacity

• Smaller proportions report actual impacts on failing to complete projects on time or on budget.
Impact of Labour Shortage

We are growing more slowly than planned
- All Respondents: 46%, Merit Members: 51%, Non Merit: 47%

We have been unable to complete projects on time
- All Respondents: 30%, Merit Members: 23%, Non Merit: 17%

We have been unable to complete projects on budget
- All Respondents: 14%, Merit Members: 9%, Non Merit: 17%

We have been unable to bid on projects
- All Respondents: 45%, Merit Members: 42%, Non Merit: 43%
METHODS TO DEAL WITH SHORTAGE
Methods to deal with shortage

• Three quarters offered higher pay to deal with the shortage – driving up costs of projects and inflation.
• More than half (52%), including two-thirds of Merit members, offered additional benefits to their skilled trades workers.
• Other popular options included offering workers more training (38%) and advertising for workers outside of Saskatchewan.
• A quarter reported hiring workers from outside of Canada.
How have you tried to address the labour shortage in the trades?

- **Total**
  - Paid higher rates: 78%
  - Offered additional benefits: 38%
  - Hired from outside of Canada: 26%
  - Other: 11%

- **Merit Member**
  - Paid higher rates: 74%
  - Offered additional benefits: 33%
  - Hired from outside of Canada: 19%
  - Other: 9%

- **Non Member**
  - Paid higher rates: 80%
  - Offered additional benefits: 45%
  - Hired from outside of Canada: 32%
  - Other: 32%
GOVERNMENT ACTIONS
Government Actions

• Only a quarter (26%) believe that there is “a lot” the government can do.
• Another two in five (37%) say the provincial government can do some things.
• There is only a small core who believe that this is a problem fixable by the provincial government alone.
• That said – they do believe that some actions can help.
• Their open-ended suggestions most frequently included:
  – Making it easier to recruit workers from outside of Saskatchewan.
  – More training within the province to increase the local supply of skilled trades workers.
  – Verbatims of some typical and more interesting suggestions are highlighted on slide 35.
Can the government do anything?

- **All Respondents**:
  - No, they cannot change much: 14%
  - Yes, there are a few things they can do: 37%
  - Yes, there is a lot they can do: 50%

- **Saskatoon**:
  - No, they cannot change much: 20%
  - Yes, there are a few things they can do: 40%
  - Yes, there is a lot they can do: 40%

- **Regina**:
  - No, they cannot change much: 12%
  - Yes, there are a few things they can do: 19%
  - Yes, there is a lot they can do: 69%
What can the government do – open ended question

- Make it easier to recruit workers from outside of Saskatchewan: 36%
- Invest in Training: 22%
- Tax credit/deductions: 10%
- Promote the trades: 7%
- More apprentices: 4%
- EI reform: 3%
- Fix regulations: 3%
- Make outside certifications transferable: 3%
- Other: 13%

- “Include Construction or unskilled labour to The Saskatchewan Nominee Program.” – Regina, 28 person company, $1 to $5 million in revenue
- “Look at making it easier to get trades people here. Rumor is it is easier to get strippers into Canada than trades people.” – Regina, 9 person company, $1 to $5 million in revenue
- “Start trades training at the high school level.” – 100 person company, $10 to $25 million in revenue
- “Subsidize contractors to train people to do the required trade.” – Regina, 9 person company, $1 to $5 million in revenue
- “Enact changes to the law allowing more apprentices per journeyman ratio, also hire more instructors.” – Saskatoon, 28 person company, $1 to $5 million in revenue
- “They needed to demand that the tradesman they trained needed to full fill a 5 year commitment to work in the province.” – Regina, 14 person company, $1 to $5 million in revenue
Effectiveness of possible government actions

• When possible government actions are evaluated by their effectiveness the most popular are ones that increase labour supply without wage inflation.
• 78% said investing in apprenticeship programs would be “very effective”.
• 60% believe making it easier for workers from other provinces to transfer credentials would be “very effective.”
• Tax incentive based programs are seen by fewer as effective (they may result in price competition), and are considerably less popular in Regina.
• Investing in more training for aboriginals is seen as the least effective measure.
Make it easier for trades workers from other provinces to transfer credentials in order to work in Saskatchewan.
Provide tax incentives for trades workers to move to Saskatchewan from other provinces

<table>
<thead>
<tr>
<th></th>
<th>All respondents</th>
<th>Saskatoon</th>
<th>Regina</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not effective at all</td>
<td>16%</td>
<td>20%</td>
<td>19%</td>
</tr>
<tr>
<td>Not very effective</td>
<td>20%</td>
<td>18%</td>
<td>31%</td>
</tr>
<tr>
<td>Very effective</td>
<td>52%</td>
<td>55%</td>
<td>38%</td>
</tr>
</tbody>
</table>
Invest in apprenticeship programs

- All respondents: 78%
  - Not effective at all: 3%
  - Not very effective: 12%
  - Very effective: 78%
- Saskatoon: 73%
  - Not effective at all: 5%
  - Not very effective: 13%
  - Very effective: 73%
- Regina: 73%
  - Not effective at all: 0%
  - Not very effective: 15%
  - Very effective: 73%
Provide aggressive tax credits for companies that hire apprentices

- All respondents: 15% Not effective at all, 19% Not very effective, 56% Very effective
- Saskatoon: 15% Not effective at all, 20% Not very effective, 58% Very effective
- Regina: 23% Not effective at all, 27% Not very effective, 35% Very effective
Make trades workers a priority for international immigration to Saskatchewan

- All respondents:
  - Not effective at all: 16%
  - Not very effective: 22%
  - Very effective: 50%

- Saskatoon:
  - Not effective at all: 18%
  - Not very effective: 25%
  - Very effective: 50%

- Regina:
  - Not effective at all: 19%
  - Not very effective: 19%
  - Very effective: 69%
Work with the federal government to make it easier for trades workers to immigrate to Canada from other countries

- Not effective at all
- Not very effective
- Very effective

**All respondents**
- 21% Not effective at all
- 16% Not very effective
- 52% Very effective

**Saskatoon**
- 28% Not effective at all
- 15% Not very effective
- 53% Very effective

**Regina**
- 12% Not effective at all
- 12% Not very effective
- 77% Very effective
Invest in training programs for Aboriginal Canadians in Saskatchewan

- All respondents: 23% Not effective at all, 29% Not very effective, 36% Very effective
- Saskatoon: 28% Not effective at all, 18% Not very effective, 43% Very effective
- Regina: 15% Not effective at all, 31% Not very effective, 50% Very effective
Comparison of all measures
Only “very effective” number displayed

- Invest in apprenticeship programs: 78%
- Make it easier for trades workers from other provinces to transfer credentials in order to work: 60%
- Provide aggressive tax credits for companies that hire apprentices: 56%
- Work with the federal government to make it easier for trades workers to immigrate to Canada from: 52%
- Provide tax incentives for trades workers to move to Saskatchewan from other provinces: 52%
- Make trades workers a priority for international immigration to Saskatchewan: 50%
- Invest in training programs for Aboriginal Canadians in Saskatchewan: 36%
PROFILE OF RESPONDENTS
By number of full time staff

- 100 and over: 13%
- 25 to 99: 20%
- 10 to 24: 33%
- Under 10: 35%
By annual revenue

- Under $1 million: 27%
- $1 million to $5 million: 36%
- $5 million to $10 million: 10%
- $10 million to $25 million: 17%
- $25 million to $50 million: 36%
- More than $50 million: 8%
By region

- 19% Regional Centres *
- 20% Rural
- 24% Regina
- 37% Saskatoon

* “Regional Centres” includes Prince Albert, Moose Jaw, The Battlefords, Swift Current, Lloydminster and Yorkton
By type of contracting

- **General Contracting**: 31%
- **Electrical**: 23%
- **Plumbing/Heating/Refrigeration**: 14%
- **Road Building and Excavation**: 12%
- **Drywalling and Painting**: 11%
- **Insulating**: 9%
- **Roofing**: 9%
- **Masonry**: 7%
- **Welding**: 3%
- **Other ***: 26%

* Primarily Includes concrete work, framing and environmental services
CONCLUSIONS
Conclusions

• The labour shortage is real and very acute. Unprompted 70% said it was the biggest challenge facing their business.

• The labour shortage is hitting the biggest companies the worst, and is most serious in the market for journeypersons.

• The impact on the construction market in Saskatchewan is two-fold:
  – Slower growth because of missed opportunities for individual companies
  – Higher costs because of higher wages and increased benefits to better recruit and retain skilled staff.

• There is no overwhelming belief that government is the solution to the problem.

• The most effective solutions are believed to be around increasing supply of skilled trades workers quickly.
  – Neither of two most popular solutions would see the costs to contractors increase.