



Pre-Budget Submission

to the

House of Commons Standing Committee on Finance

by the

International Union of Painters and Allied Trades

July 2014

EXECUTIVE SUMMARY

IUPAT represents over 160,000 men and women in Canada and the United States who work in the Finishing Trades. Our members work on virtually every construction and major infrastructure project in North America. We believe firmly in working cooperatively with businesses engaged in building private and PPP infrastructure. In our experience, partnering with contractors delivers well-paid, meaningful jobs for our members while, at the same time, Canada's economy expands and prospers.

This submission addresses two of the six themes identified by the Finance Committee as being of interest:

a) Prosperous and Secure Communities – Support for Infrastructure

The Government of Canada made a significant commitment to public infrastructure with the New Building Canada Plan. As decision-makers determine which projects will proceed, IUPAT recommends that particular attention be paid to asset management. Building in measures that extend the useful life of expensive public infrastructure investments represents sound planning and prudent financial management. When it comes to projects in which steel and concrete are the essential building materials, special attention must be paid to the major culprit in infrastructure deterioration – corrosion. A study using 2003 data found the costs of corrosion to the Canadian economy totalled \$23.6 billion. Indirect costs have been estimated to bring the total annual amounts to \$552 billion in the U.S. and \$46.4 billion in Canada.

Fifty percent of corrosion costs are preventable. Furthermore, corrosion management practices could save between 25-30% of total annual corrosion costs. To that end, IUPAT is engaged in introducing a new skilled trade certification in Canada, the Coating Application Specialist (CAS). A Coating Application Specialist will specialize in corrosion mitigation of steel and concrete used in, for example, bridges, pipelines, public utility facilities and shipping vessels.

In light of the significant savings that can accrue from adopting measures that mitigate the high costs of corrosion, IUPAT believes the Government of Canada should stipulate as a condition of future infrastructure funding that steps be taken to manage public assets prudently and in a way that extends their useful life.

b) Maximizing Jobs for Canadians

The federal government has introduced several measures in previous budgets aimed at supporting apprenticeship, including the Apprenticeship Incentive Grant, the Tradesperson's Tools Deduction, the Apprenticeship Job Creation Tax Credit and the Canada Apprentice Loan. Despite this continued support significant issues continue to arise: low apprentice completion rates, a shortage of employer participation, inconsistencies between provincial and territorial apprenticeship programs and, in some provinces, high apprentice to journey person ratios.

IUPAT recommends, therefore, that the Committee consider additional measures aimed at addressing these concerns in a way that meets the government's public policy objectives for training and contributes to more jobs, increased investment and economic growth across Canada.

INTRODUCTION

The International Union of Painters and Allied Trades (“IUPAT”) is pleased to present its views regarding Canada’s economic and fiscal policy to the House of Commons Standing Committee on Finance (“Committee”) as the Committee engages in its annual pre-budget public consultations. This is our first opportunity to offer our unique perspective to the Committee.

WHO WE ARE AND WHAT WE DO

IUPAT represents over 160,000- men and women in Canada and the United States who work in the Finishing Trades, which includes industrial and commercial painters and coating and lining application specialists, drywall finishers, sign & display workers, hydroblasters, fireproofing, asbestos removers and hazardous materials technicians, and glaziers. Our members work on virtually every construction and major infrastructure project in North America. We believe firmly in working cooperatively with businesses engaged in building private and PPP infrastructure. IUPAT has over 7,000 contractors as our partners. In our experience, partnering with contractors delivers well-paid, meaningful jobs for our members while, at the same time, Canada’s economy expands and prospers.

All careers in the Finishing Trades begin with an apprenticeship. But the training of our members does not end there. We take pride in offering state of the art training facilities for apprenticeship training, skills upgrading and health and safety training. IUPAT has 87 Training Centres in North America, eight (8) of which are in Canada with 160,000 square feet of space for our Canadian members to hone their skills. We partner with the Ontario Industrial Finishing Skills Centre, the Interior Finishing Systems Training Centre, and the Finishing Trades Institute of British Columbia, ensuring that our members receive excellent instruction and opportunities for skills advancement.

RECOMMENDATIONS

The Committee has asked that submissions focus on the six key themes set out in the Committee’s June 6, 2014 news release. Our submission addresses two of these six themes: (a) “Ensuring prosperous and secure communities, including through support for infrastructure”; and (b) “Maximizing the number and types of jobs for Canadians.”

1) Prosperous and Secure Communities – Support for Infrastructure

We acknowledge the Government of Canada’s significant commitment to public infrastructure with the announcement in Economic Action Plan (EAP) 2013 of the New Building Canada Plan. An investment of over \$47 billion in new federal funding over ten years provides predictability and flexibility to all levels of government so that they can plan and deliver the major infrastructure projects the country needs.

As decision-makers determine which infrastructure projects will proceed in the years ahead, IUPAT recommends that particular attention be paid to asset management. Building in measures that extend the useful life of expensive public infrastructure investments represents sound planning and prudent financial management. When it comes to projects in which steel and concrete are the essential building materials, special attention must be paid to the major culprit in infrastructure deterioration – corrosion.

Experience has shown that damage to infrastructure caused by corrosion can be costly in terms of human life, can harm the environment, and can disrupt economic activity. A landmark study conducted on behalf of the U.S. Federal Highway Administration (FHWA), published in 2002, revealed the direct costs associated with metallic corrosion in most U.S. industry sectors. This study found that “the total annual estimated direct cost of corrosion in the U.S. is a staggering \$276 billion – approximately 3.1% of the nation’s Gross

Domestic Product.”¹ In Canada, a study using 2003 data found the costs of corrosion to the Canadian economy totalled \$23.6 billion.² Indirect costs have been estimated to bring the total annual amounts to \$552 billion in the U.S. and \$46.4 billion in Canada.

Perhaps the most troubling part of this research is that, according to NACE International, acknowledged around the world as the premier authority on corrosion control, fifty percent (50%) of corrosion costs are preventable.³ Furthermore, when employed properly, corrosion management practices could save between twenty-five and thirty percent (25-30%) of total annual corrosion costs.⁴ For example, corrosion resistant materials can be used in the construction of new infrastructure. Electrochemical techniques such as cathodic protection can be applied to rehabilitate bridges already damaged by corrosion. Corrosion monitoring equipment can be installed during initial construction and design details, such as proper drainage systems, can extend an asset’s useful life.

Moreover, protective coatings can be applied to properly prepared steel and other substrates to help protect them from a corrosive environment. According to NACE International, the single most significant component of finding savings through corrosion management practices is the application of protective coatings. But those coatings must be correctly applied by skilled tradespeople having appropriate training and certification.

To that end, IUPAT is currently engaged in introducing a new skilled trade certification in Canada, namely the Coating Application Specialist (CAS) certification, developed jointly by The Society for Protective Coatings (SSPC), National Association of Corrosion Engineers International (NACE International) and the Finishing Trades Institute International. This SSPC ACS-1/NACE No.13 Joint Standard is not exclusive to IUPAT, but available to the general public ensuring maximum industry adoption. In order to qualify for the CAS program, applicants are required to have at least 3,000 hours of experience in abrasive blasting and spraying industrial coatings. They must then complete a minimum of 450 hours of technical training and pass a comprehensive written and two practical examinations. Once he or she earns this certification, a Coating Application Specialist will specialize in corrosion mitigation of steel and concrete used in, for example, bridges, pipelines, public utility facilities and shipping vessels.

In light of the significant savings that can accrue from adopting measures that mitigate the high costs of corrosion, we believe the Government of Canada should stipulate as a condition of future infrastructure funding that steps be taken to manage public assets prudently and in a way that extends their useful life.

2) Maximizing Jobs for Canadians

As noted above, all Finishing Trades careers begin with an apprenticeship. We recognize, therefore, the many positive initiatives introduced by the federal government in a succession of budgets, including the Apprenticeship Incentive Grant, the Tradesperson’s Tools Deduction, the Apprenticeship Job Creation Tax Credit and, in EAP 2014, the Canada Apprentice Loan. Measures such as these can help meet the strong and growing demand for skilled tradespeople across Canada and provide good, well-paid jobs for Canadians.

¹ “Corrosion Costs and Preventive Strategies in the United States”; CC Technologies Laboratories, Inc., U.S. Federal Highway Administration, Turner-Fairbank Highway Research Centre, Case Western Reserve University, Publication No. FHWA-RD-01-156.

² “Corrosion Prevention and Protection: Practical Solutions, 2007”; V.S. Sastri, Edward Ghali, Mimoun Elboujdaini.

³ <http://www.nace.org/Corrosion-Central/Industries/Coatings-Industry/#sthash.9O4dObhZ.dpuf>

⁴ “Corrosion Prevention and Protection: Practical Solutions, 2007”; V.S. Sastri, Edward Ghali, Mimoun Elboujdaini.

Despite the government's continued support for apprenticeship training and completion, however, it is fair to say that significant issues continue to arise in meeting the needs of employers, contractors and those wishing to pursue a career in the trades. There continues to be low apprentice completion rates in Canada, an ongoing shortage of employer participation, inconsistencies between provincial and territorial apprenticeship programs and, in some provinces, high apprentice to journeyperson ratios.

In light of these ongoing challenges, we recommend that the Committee consider additional measures aimed at addressing these concerns in a way that meets the government's public policy objectives for training and contributes to more jobs, increased investment and economic growth across Canada.

CONCLUSION

We commend the Members of the Committee for seeking input from organizations and individuals as you consider your recommendations to the Minister of Finance in his deliberations on the 2015 Economic Action Plan. Our focus is on: (a) ensuring that the greatest value for money is received on the government's multi-billion dollar investments in infrastructure over the next decade by insisting on appropriate asset management and corrosion control measures, including the considerable cost-savings achieved by the proper application of protective coatings by skilled tradespeople, being adopted; and (b) further support for the apprenticeship system across the country to ensure that the supply of skilled tradespeople matches the demand for their respective skills. IUPAT believes such measures will create more, and better, jobs for Canadians and contribute significantly to our country's continued economic success.