

PROGRESSIVE CONTRACTORS ASSOCIATION OF CANADA (PCA): **2016 PRE-BUDGET CONSULTATION SUBMISSION**

PCA would like to thank the Standing Committee on Finance for the opportunity to participate in the 2016 pre-budget consultation process. These proposals are designed to strengthen the role that Canada's skilled trades play within our economy by increasing labour mobility and assisting skilled workers in securing employment where jobs exist while helping employers in finding the labour they need to grow.

Canada is experiencing a shortage of skilled labour in certain regions and industries while other parts of the country are experiencing significant unemployment and underemployment. It is essential to ensure that there is a sufficient labour supply to sustain economic growth, while maximizing opportunities for unemployed or underemployed Canadians to fill the vacancies that persist. The most effective way to do this is to encourage labour mobility.

PCA believes that increasing labour mobility by helping Canadian workers relocate or become mobile workers is the best way to address short to mid-term labour shortages across the country while simultaneously tackling unemployment and underemployment. Mobile workers understand the skills shortages and mismatches that our country faces from region to region and their impact on Canada's rate of productivity. They move around the country to fill those gaps and keep our economy growing. As we encourage more Canadian skilled workers to become mobile, we can also ensure that Canadian jobs are filled by Canadians first, reducing the need for temporary foreign workers.

Buildforce Canada's (formerly Construction Sector Council) 2014 report argues that mobility will be critical for filling labour gaps across industries over the next decade, as the number of Canadians who will retire will continue to increase across all provinces and sectors, while labour requirements shift back and forth across markets.¹ Canada's workforce already has a strong subset of workers that 'work mobile': they frequently move from one region to another to supply labour to industrial projects, while maintaining permanent homes and families in their home communities.² However, labour movement may be limited by the willingness to work in remote locations and the portability of skills.³ To meet the needs of Canada's economy, the government should take action to assist labour mobility across Canada.

PCA believes that in order to attract and retain Canadian mobile workers, the government must find ways to reduce barriers and disincentives associated with moving from one part of Canada to another for work. Barriers to labour mobility are not exclusively regulatory; there are personal economic and social barriers

¹ *BuildForce Canada 2014 Report: Construction and Maintenance Looking Forward, National Summary: 2013-2023 Key Highlights*, 2014, p. 1.

http://www.buildforce.ca/en/system/files/products/2014_National_Constr_Maint_Looking_Forward2.pdf

² *Working Mobile: A Study of Labour Mobility in Canada's Industrial Construction Sector*. Construction Sector Council, 2005. p. 7.

<http://www.buildforce.ca/en/products/working-mobile-study-labour-mobility-canadas-industrial-construction-sector>

³ *BuildForce Canada 2014 Report*, p. 1.

that are equally problematic to the movement of Canada's workforce that can partially be addressed via government assistance and programming.

PCA proposes three ways to reduce the economic and social barriers to labour mobility that will help workers find jobs and employers find the labour they need to grow:

- 1. Mobility Grants delivered through the Employment Insurance (EI) system**
- 2. Mobile Worker Family Support Network**
- 3. Mobile Worker Community Integration Working Groups**

We know that increased labour mobility within Canada will boost economic growth because it helps industries in a region with low unemployment find the skilled labour they need for their industry to grow. Moreover, these policies will help unemployed and underemployed Canadians secure employment and participate more fully in the economy.

Recommendation 1: PCA recommends the government develop a pilot project to deliver Mobility Grants through the Employment Insurance (EI) system.

Context: Across industries, individual workers face a number of economic barriers that prevent them from leaving areas of high unemployment to relocate (either temporarily or permanently) to areas of job growth and opportunity.

According to BuildForce Canada's report, *Working Mobile*, the archetypical mobile worker is motivated to work mobile for financial reasons, or out of necessity.⁴ However, there are hidden financial costs that erode the extra earning potential of working mobile, such as personal expenses incurred on the job site and at home because of working mobile.⁵ 35.2% of mobile workers interviewed saw personal expenses in getting and holding a job and 37.5% saw personal expenses at home while away as a barrier to taking work away from home.⁶ Moreover, many mobile workers estimated that upwards of \$10,000 to \$20,000 per annum were required from their after-tax income to pay for travel expenses to and from their mobile projects and for a second residence.⁷

Recommendation: PCA proposes the creation of a pilot project to study the value of providing mobility grants through the EI system for a three year period, after which point the program would be reviewed. Mobility grants would allow a person who is unemployed in one area of the country to utilize future EI benefits in the form of a lump sum payment in order to relocate, temporarily or permanently, to another area of the country where workers are needed. The base sum for the grant could be \$2,000, or equal to a month's worth of future EI benefits. The range could vary, higher or lower, taking into account issues such as number of dependants (i.e. one person moving versus a family of four) and cost of relocation.

The United States Department of Labor experimented with a similar relocation grant program in the 1970s, and research based on this program suggests that these grants work. Eli Lehrer and Lori Saunders of the American think tank R Street Institute note that the program tracked the results from multiple offices offering different levels of relocation assistance. Offices that provided only information on out-of-area jobs and grants had little success, while those that provided full relocation grants helped significant numbers of

⁴ *Working Mobile*, p. 2.

⁵ *Ibid.*, p. 15.

⁶ *Ibid.*, p. 6.

⁷ *Ibid.*, p. 15.

people find new jobs. Further, wages for individuals who relocated through the program tended to be higher than those who chose not to relocate or who relocated through their own means.⁸

Evidence also suggests the grants would be affordable, without over-burdening the unemployment system or driving up its costs. Lehrer and Saunders point out that while some of the individuals who would qualify for mobility grants likely could have found jobs even without the assistance, any additional costs from such cases could be offset, in part, by the reduction in time that individuals can spend on unemployment.⁹

This measure would help to offset the significant personal expenses that individual mobile workers incur when moving throughout the country to find work that matches their skills. Because the funds used for the Mobility Grants are funds that would otherwise be allocated to EI, this program is more affordable and does not require new federal funding beyond the cost of establishing the program and monitoring outcomes.

Recommendation 2: PCA recommends that the government introduce a pilot project to establish Mobile Worker Family Support Networks (MWFSN) in 2-3 cities that have a high concentration of families of mobile workers.

Context: One of the social barriers to labour mobility is the pressure that the lifestyle places on families at home while the mobile worker is away. In *Working Mobile*, mobile workers were virtually unanimous as to the strain mobile work has on marriage and family. They expressed concerns about the impact of their absences on their children and on the spouse left to parent alone, and the high rate of divorce.¹⁰ For a mobile worker, knowing the stress that their absence places on their family can serve as a disincentive for individuals to undertake mobile work again.

Recommendation: PCA proposes the creation of working groups to develop and implement support networks for families of mobile workers. As a pilot project, the network would be set up in 2-3 cities in regions where there are significant numbers of individuals who leave their homes in search of work. The working groups would be made up of government, business and community organizations, and would develop and implement initiatives to better support families of mobile workers when workers are away from home.

The role of the federal government would be as convenor and chair of the working group, bringing the local communities together to focus on issues that impact labour mobility, and helping establish local networks of support.

Recommendation 3: PCA recommends that that the government introduce a pilot project to establish Mobile Worker Community Integration Working Groups (MWCIWG) in 2-3 cities where significant numbers of mobile workers are residing.

Context: When mobile workers arrive at a new job in a new community, they often feel marginalized and find it difficult to integrate into the local community. The *Working Mobile* study found that mobile workers are characterized by significant negative self-esteem and concern about their social status vis-à-vis the communities in which they work mobile, and resent being on the receiving end of ill will.¹¹ This leaves them feeling lonely, with no connection to their surroundings.

⁸ Lehrer, Eli and Lori Saunders. "Moving to Work." *National Affairs*, Issue 18, Winter 2014. <http://www.nationalaffairs.com/publications/detail/moving-to-work>

⁹ Ibid.

¹⁰ *Working Mobile*, p. 12.

¹¹ Ibid., p. 13.

The sense of isolation can lead them to engage in potentially damaging behaviours such as gambling and consuming excessive amounts of alcohol. Research has shown that the failure of mobile workers to integrate and be accepted into the communities in which they work is a major disincentive to mobile workers seeking mobile work again.

All workers interviewed in the *Working Mobile* study focused on quality of life incentives to increase the number of mobile workers, with many suggesting organized recreational activities to ‘fill the void of no community life.’¹²

PCA believes that a holistic approach to worker mobility will significantly advance the potential for community integration and the healthy, long-term participation of those workers in the life of the local community.

Recommendation: PCA proposes the creation of Mobile Worker Community Integration Working Groups. As a pilot project, the network would be set up in 2-3 cities where significant numbers of mobile workers are residing for work. These Working Groups would reach out to mobile workers and help them integrate into local communities.

The MWCIWG would be comprised of leaders from federal, provincial and municipal governments; employers; labour groups; local businesses; religious organizations; and community non-governmental organizations.

The Working Groups would identify challenges and opportunities to improve the community life and the integration of mobile workers in the region where they have moved to work. These community groups could provide information to mobile workers who are new about opportunities for them to participate in recreational organizations such as sports, or locations where faith groups meet.

The role of the federal government would be as convener and chair of the working group, bringing the local communities together to focus on issues that impact labour mobility and establish local networks of support.

Conclusion

PCA would like to thank the Finance Committee for the opportunity to advocate for practical actions to improve labour mobility in ways that can have a significant impact on the lives of Canadians. We hope to see initiatives in the 2016 federal budget that address the economic and social barriers to labour mobility, whether those measures include the suggestions put forward by PCA in this submission, or other similar measures to address the same issues. We hope that the federal government will take seriously the need to increase labour mobility as an important measure to boost economic growth in Canada while increasing opportunities for unemployed and underemployed Canadians.

About PCA

PCA is the voice of progressive unionized employers in Canada’s construction industry. PCA member companies employ more than 25,000 skilled construction workers across Canada, represented primarily by CLAC. Our member companies are responsible for 40 percent of energy and natural resource construction projects in British Columbia and Alberta and are leaders in infrastructure construction across Canada.

¹² Ibid., p. 15.