



## **PROGRESSIVE CONTRACTORS ASSOCIATION OF CANADA (PCA): 2017 PRE-BUDGET CONSULTATION SUBMISSION**

The Progressive Contractors Association of Canada (PCA) would like to thank the Standing Committee on Finance for the opportunity to participate in the 2017 pre-budget consultation process. Our policy proposals are designed to enable Canadians to participate in growing the economy by increasing labour mobility and assisting skilled workers in securing employment where jobs exist. Our policy proposals will also help Canadian businesses meet their expansion, innovation and prosperity goals, and thereby contribute to economic growth in the country, by helping employers find the talent they need to grow.

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PCA is the voice of Canada's progressive construction employers, comprising some of Canada's largest and most accomplished contractors. What binds our members together is that they all share a belief in a progressive, collaborative and cooperative labour model. Progressive labour can be unionized, but in a way that is different from traditional unions. For instance, instead of having multiple – sometimes over a dozen – different competing unions representing various trades, the union representing our members' employees represents all the trades at once. This is sometimes called 'wall to wall' or 'all employee bargaining units' and allows our members to work more efficiently on the job.

We believe there are progressive opportunities to address the challenges Canada faces and grow employment opportunities. The measures we are putting forward on behalf of our members will empower Canadians to participate in growing the economy by assisting skilled workers in securing employment where jobs exist by expanding labour mobility and broadening skills training. They will also help Canadian businesses expand and contribute to economic growth in the country by helping employers find the talent they need to grow by increasing access to skilled labour and supporting natural resources development.

We urge the Standing Committee on Finance to consider the following policy recommendations:

- **Increasing Access to Talent by Expanding Labour Mobility:** Introducing Mobility Grants through the Employment Insurance (EI) system;
- **Broadening Talent through Skills Training:** Ensuring broad distribution among labour unions of the federal government's Budget 2016 commitment for union-based apprenticeship training;
- **Securing the Talent Necessary by Increasing Access to Skilled Labour:** Modernizing the Temporary Foreign Workers (TFW) program, including designating priority occupations, enabling interprovincial labour movement, expanding Labour Market Impact Assessment (LMIA) usage expiration, and providing a path to permanent residency; and
- **Supporting Natural Resources Development:** Ensuring support and regulatory approval for critical energy projects that underpin Canada's economic growth.

These measures will strengthen the contribution that Canada's skilled trades make to the country's overall economic growth and will match our talent to where it is needed the most from coast to coast to coast.

## Increasing Access to Talent by Expanding Labour Mobility

**Recommendation 1: Introduce Mobility Grants to be delivered through the Employment Insurance (EI) system. This will 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**

PCA believes that increasing labour mobility by helping Canadian workers relocate or become mobile workers is the best way to address short to medium-term labour shortages across the country while simultaneously tackling unemployment and underemployment. Mobile workers move from region to region to fill gaps in labour and keep our economy growing. They move around the country to fill those gaps and keep our economy productive and 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.

According to BuildForce Canada's report, *Working Mobile*, the archetypical mobile worker is motivated to work mobile for financial reasons, or out of necessity.<sup>1</sup> 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.<sup>2</sup> 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.<sup>3</sup> Moreover, many mobile workers estimated that upwards of \$10,000 to \$20,000 per year were required from their after-tax income to pay for travel expenses to and from their mobile projects and for a second residence.<sup>4</sup>

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 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 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.<sup>5</sup>

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

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<sup>1</sup> *Working Mobile*, p. 2.

<sup>2</sup> *Ibid.*, p. 15.

<sup>3</sup> *Ibid.*, p. 6.

<sup>4</sup> *Ibid.*, p. 15.

<sup>5</sup> Lehrer, Eli and Lori Saunders. "Moving to Work." *National Affairs*, Issue 18, Winter 2014.

<http://www.nationalaffairs.com/publications/detail/moving-to-work>

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.<sup>6</sup>

Enabling the shifting of talent within Canada 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.

## Broadening Talent through Skills Training

**Recommendation 2: Ensure that funds to support union-based apprenticeship training and other programs are broadly distributed among all of Canada’s labour unions, including progressive unions**

In addition to enhancing employment opportunities through labour mobility initiatives, ensuring that there is a funding framework capable of supporting training and apprenticeships across all labour unions for new entrants into the industry is also a critical element to filling Canada’s talent gap in relation to skilled labour.

Budget 2016 proposed \$85.4 million over five years, starting in 2016-17, to develop a new framework to support union-based apprenticeship training. While this initiative is still under development, PCA, our progressive labour union partner CLAC, and member companies are ready to work with the government to support innovative approaches and partnerships with other stakeholders to strengthen Canada’s apprenticeship training system.

PCA and CLAC represent more than 25,000 skilled construction workers across Canada, including 40% of energy and natural resource projects in Alberta and British Columbia. Ensuring the broad distribution of funding for all union-based apprenticeship training will help Canada’s skilled workers train for the jobs they need to contribute to our economic growth. As we continue to experience a downturn in the natural resource sector, most particularly in the western provinces, providing skills training that is distributed broadly is a critical path forward.

## Securing the Talent Necessary by Increasing Access to Skilled Labour

**Recommendation 3: Modernize the Temporary Foreign Worker Program, including:**

- a. **Designation of Priority Occupations:** Designating priority status in the Labour Market Impact Assessment (LMIA) to occupations in highest demand is critical to the construction industry
- b. **Enable inter-provincial labour movement:** Recognize that construction employers often operate across provincial jurisdictional lines and allow for the movement for temporary foreign workers between provinces for those working for the same company, with the provision that they perform the same duties and are paid the same wages outlined in the LMIA process.
- c. **Expand LMIA Usage Expiration:** Lengthen the timeline of an LMIA to one or one and a half years. With the current short timeline in place, the provision incentivizes companies to rush to fill their “order” of temporary foreign workers to “get their money’s worth” on the LMIA application, lest it expire and they need to resubmit an application and the corresponding fee.

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<sup>6</sup> Ibid.

- d. **Provide a path to permanent residency:** Facilitate the transition of temporary foreign workers to permanent residency.

The federal Temporary Foreign Worker Program has significant structural issues. At the heart of any program reform must be the principle that Canadians should be first in line for available jobs. However, sometimes there are legitimate reasons why temporary foreign workers are employed in certain regions of the country. We continue to experience the juxtaposition of labour in Canada with skilled labour shortages in some areas of the country and significant under-employment in other regions of the country. Canadian companies are stunted from growing when they don't have access to the skilled labour they need. A Temporary Foreign Worker Program should address the acute skills shortages in specific occupations and in specific regions.

Accordingly, federal and provincial governments should work together to implement flexible and responsive reforms to the TFW program that reflect the unique nature of the construction industry's needs in different parts of the country.

These proposed reforms to the TFW Program could result in an overall decrease in the use of temporary foreign workers. For instance, a policy on inter-provincial movement of TFWs may result in the overall reduction of requests for temporary foreign workers, as those who have already been approved through the LMIA process can be deployed to other projects, rather than each individual project requesting TFWs on their own. Such a policy would also reduce the overall number of LMIA applications from the construction industry, lessening the administrative burden on government.

## Supporting Natural Resources Development

**Recommendation 4: Recognize that natural resource development, especially pipelines, is a critical component of economic growth across Canada.**

Pipelines – and more importantly the oil and gas that they transport – are vital to the strength and sustainability of the Canadian and global economy. It is essential that we have the means to distribute these resources both nationally and globally.

Canada's long-term economic growth depends on regulatory approval and strong government support of energy projects that link the country together and support Canadian businesses.

Pipeline projects create jobs for Canadians. They also bolster new investment in our energy and natural resource sectors to help expand Canadian companies. PCA member companies see this potential every day, and understand just how important it is for our economy and standard of living to improve market access for Canadian oil and gas.

PCA recommends that the Government of Canada continue to recognize the importance of oil and gas pipelines to Canada's ongoing employment growth and economic expansion – both for individual Canadians and for Canadian businesses.

## 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.