



JUL 17 2019

Bryan May, M.P.
Chair, Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities
House of Commons
Ottawa, Ontario
K1A 0A6

Dear Mr. May,

We are pleased to respond, on behalf of the Government of Canada, to the 17th Report of the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities, entitled *Labour Shortages and Solutions in the GTHA Construction Industry*, which was tabled in the House of Commons on Friday, May 17, 2019.

The Government appreciates and values the work undertaken by the Committee and the witnesses who have appeared before it. The relevant perspectives expressed in the Report demonstrate a widespread commitment to addressing the barriers affecting the labour supply of the construction industry in the Greater Toronto and Hamilton Area (GTHA). With labour demand projected to increase and labour supply decrease, the Government recognizes the need to apply multi-faceted solutions in collaboration with various levels of government and industry stakeholders. The Government therefore welcomes the recommendations, and is already taking steps to bring forward improvements to the programs and supports it offers to apprentices, tradespeople and industry employers.

The Government recognizes that the skilled trades are important to the economy by providing good-quality jobs. This Report is well aligned with the Government's commitment to increasing the participation of Canadians in the skilled trades, particularly women and other under-represented groups, as well as our commitment to reducing barriers to accessing training opportunities.

The enclosed response addresses the Standing Committee's recommendations and outlines progress the Government has made, and will continue to make, in improving labour market balance within the skills trade industries.

Yours sincerely,



Hon. Patricia A. Hajdu, P.C., M.P.
Minister of Employment, Workforce
Development and Labour

Hon. Ahmed Hussen, P.C., M.P.
Minister of Immigration, Refugees
and Citizenship



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A handwritten signature in black ink, appearing to read 'Ahmed Hussen', written in a cursive style.

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Government Response to the House of Commons Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities
Report 17, Labour Shortages and Solutions in the GTHA Construction Industry

Introduction

The Government of Canada (“the Government”) is pleased to respond to the Report of the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities (“the Committee”), entitled *Labour Shortages and Solutions in the GTHA Construction Industry* (“the Report”).

The Government appreciates the work of the Committee and welcomes the analysis, views and recommendations, based on the various hearings that the Committee held. The Government has carefully reviewed the Committee’s Report and recommendations, and welcomes the opportunity to provide a response. The Government is currently working to address the challenges that are leading to labour shortages in the construction industry.

The Government agrees with the need for a greater understanding and awareness of the current and future labour market and has begun to improve the scope and quality of its labour market information. Having access to timely and accurate labour market information is an important tool to help industries address labour shortages, including the construction sector in the GTHA.

The Government takes the labour challenges in the skilled trade industries very seriously, recognizing that Canada’s labour market is affected by complex issues that cut across federal-provincial-territorial boundaries, including: post-secondary education and skills training; labour mobility; labour market information; immigration; credential recognition; attracting international talent; sectoral investment strategies; and, labour regulations. The Government is addressing these challenges through its array of programs and other supports available to address workforce and skills challenges, and help strengthen the development of a strong and inclusive labour market across all sectors. These resources support Canadian workers to gain the skills and experience they need to succeed, while also supporting employers seeking to access, develop, and retain the labour force they require to grow their businesses in Canada.

Finally, the Government considers economic immigration as a driving force in meeting Canada’s demographic and labour market needs. To further ease the challenges of a shrinking labour force and an ageing population, the Government launched the *2018-2020 Immigration Levels Plan*. The Government expects to raise immigration levels to between 300,000 and 350,000 in 2019 (targeting 330,800) in 2019, and between 310,000 and 360,000 in 2020 (targeting 340,000) in 2020, setting out the highest levels of permanent residents that Canada will welcome in recent history. Under this framework, Canada will bring in more talented workers with the particular skills and expertise that our economy needs, including those working in construction-related occupations.

Responding to the House of Commons Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities

Theme 1: Better understanding and promotion of the skilled trades

The Government’s mandate includes a focus on building a skilled workforce, and an efficient

and inclusive labour market in Canada. To achieve this, the Government has worked for many years to improve the scope and quality of its Labour Market Information (LMI). The Government agrees that having access to timely and accurate LMI is an important tool to help industries address labour shortages and help Canadians to make informed career-related decisions.

To further improve the production of accurate, timely and relevant LMI, the Forum of Labour Market Ministers supported the creation of the Labour Market Information Council (LMIC), a not-for-profit organization established in 2017. The LMIC is guided by a National Stakeholder Advisory Panel, which includes representatives from academics and private sectors, including direct representation from Canada's construction industry. The LMIC is working closely with a network of stakeholders, including industry representatives, unions, F-P/T governments, the non-profit sector, academia and others to identify existing and emerging needs for local and granular LMI as well as to identify programming gaps and needs of LMI users. Statistics Canada, in conjunction with ESDC and the LMIC, is developing new approaches to ensure that existing local LMI - including data on employment, wages and skills demand - are readily accessible and usable by Canadians.

The Government also provides funding to industry sectors through the Sectoral Initiatives Program, a national grants-and-contributions program, to produce industry-specific forecasts and address human resources and skills issues. Through annual reports and other products, industry associations produce and disseminate information on changing labour market conditions (e.g. the potential for new growth, expected retirements, and the availability of new industry entrants) to enable the sector to head-off potential labour shortages. Recently, the Program funded a foundational LMI project with BuildForce Canada that is focused on developing a labour forecast for the construction industry that will help employers, unions, sector organizations and other stakeholders identify the nature and scope of shortages. This information can subsequently be used by construction sector and related employers, unions and training institutions to develop tailored skills training programs and other workforce development tools, as well as help tailor programming and develop strategies.

The Government recognizes that better LMI must be inclusive of under-represented groups, and is taking appropriate measures. For example, the Government is conducting an on-reserve LMI survey and skills inventory pilot project to collect data in 44 participating First Nations communities, thereby ensuring relevant community-level analysis to support local program development and delivery. The labour force information collected will be used to build skills inventories that will be linked to the Job Bank, and will be used to support First Nations workers to connect to jobs, including available jobs in the construction industry.

Assessing the impact of informal and undocumented labour on the construction industry is challenging and complex, and few studies have been done in this area. However, Statistics Canada has conducted research into the underground economy, more broadly. While estimates are subject to data reliability issues (i.e. use of indirect methods of measurement), the Government will explore options to develop more robust and timely information, particularly with regard to the construction sector.

In addition to these initiatives, the Government provides funding to the Canadian Apprenticeship Forum (CAF) to collaborate with provincial and territorial apprenticeship administrators to produce stakeholder-validated LMI on skilled trades, apprenticeship, and skills shortages in

Canada. The national reports from CAF will integrate findings related to underrepresented groups (women and newcomer populations) to provide a better understanding of how these groups can help address skills shortages.

It is important that the LMI being gathered is communicated to Canadians to gain awareness of the skilled trades. Through Budget 2019, the Government is investing \$6 million over two years, starting in 2019–20, to create a national campaign to promote skilled trades as a first-choice career for young people. The campaign will focus on changing the perception around careers in the skilled trades and promoting their merits. The goal is to increase awareness of the skilled trades as rewarding careers, and attract greater numbers of youth to apprenticeship and work in the skilled trades, including the construction industry.

Work on the national promotional campaign is already underway, including the selection of co-chairs, who will support initial consultations, and explore partnerships to assist with promoting the skilled trades to youth. The national promotional campaign will consider building upon previous initiatives that demonstrated success in raising awareness of and promoting the skilled trades. These types of initiatives could involve those that have previously been implemented by the Government of Canada, provinces and territories or industry stakeholders and involved multiple components, such as a multi-prong advertisement campaign, stakeholder engagement and a robust campaign evaluation. In addition, the campaign is expected to involve active engagement and collaboration with key partners (e.g., unions, provinces/territories, etc.) for specific activities to represent the spectrum of skilled trades.

Finally, Budget 2019 also announced continued funding for Skills Canada (\$40 million over four years, starting in 2020-2021 and \$10 million ongoing thereafter). Skills Canada is a national non-profit organization dedicated to encouraging young people to consider careers in the skilled trades and technology. The continued funding for Skills Canada will enable the organization to continue its efforts to encourage young people to consider careers in the skilled trades and technology, through skills competitions and other events (e.g., in-school presentations, career fairs, expos, etc.) and by providing resources to better equip young people for careers in the skilled trades.

Theme 2: Improving access to the skilled trades for all Canadians

As referenced in the Report, the Government provides provinces and territories with funding through the Labour Market Development Agreements (LMDAs) and the new Workforce Development Agreements (WDAs) so that they can offer a range of skills training and employment supports to help Canadians improve their skills to find and keep good jobs, and respond to the needs of local labour markets. Under these agreements, provinces and territories have the flexibility to respond to the diverse needs of their clients, including those from underrepresented groups such as persons with disabilities, women, youth, Indigenous peoples, and newcomers to Canada. Provinces and territories can also support employers seeking to fill available jobs or enhance the skills of their workforces. Budget 2017 announced an additional investment in the LMDAs of \$1.8 billion over six years, which began in 2017-18, to help Canadians prepare for, find, advance in, and keep good jobs. In addition to these investments, the Government broadened eligibility for Employment Insurance-funded programs and services, allowing even more Canadians, including underrepresented groups such as persons with disabilities, women and Indigenous peoples, to access skills training and employment supports.

Given that skills training, including apprenticeship training, is a shared area of responsibility with provinces and territories, the federal government focuses its significant apprenticeship investments on helping to increase participation in skills and training programs. The Government has a suite of apprenticeship programs and supports, many of which seek to target and increase the participation of underrepresented groups, such as women, in apprenticeship and the skilled trades, as well as those facing barriers to successful outcomes, such as Indigenous Peoples.

For instance, the Union Training and Innovation Program (UTIP) provides \$25 million annually to strengthen training in the Red Seal trades. Priority is given to projects that target the participation and success of groups facing barriers (e.g., women, Indigenous Peoples, newcomers to Canada, persons with disabilities and visible minorities); and involve broad-based partnerships with employers, community and non-profit groups, training providers, provinces and territories, Indigenous communities, colleges, etc. Additionally, the Skilled Trades Awareness and Readiness (STAR) Program (pre-apprenticeship) provides \$10 million annually to encourage Canadians – particularly those facing barriers, such as women, Indigenous Peoples, newcomers, visible minorities and persons with disabilities – to explore and prepare for careers in the trades.

In addition, the Women in Construction Fund (WCF) provides \$10 million over three years, starting in 2018-2019, to increase the participation of women in the Red Seal trades. The Program supports projects building on existing models that have proven to be effective in attracting women to the trades, such as mentoring, coaching and tailored supports that help women to progress through their training, and find and retain jobs in the trades. As well, the Apprenticeship Incentive Grant for Women (AIG-W) is a new taxable cash grant of \$3,000 per year/ level (up to a maximum of \$6,000) for eligible women who completed the first or second year/ level of their apprenticeship program in a Red Seal trade where they are underrepresented.

Moreover, Budget 2018, invested \$2 billion over five years and \$408.2 million per year ongoing, to support the creation of the Indigenous Skills and Employment Training (ISET) Program, which replaced the Aboriginal Skills and Employment Training Strategy. Through a network of First Nation, Métis, Inuit and Urban/Non-affiliated Indigenous service delivery organizations, including those in the GTHA, ISET funds projects that can include supporting everything from essential skills, like literacy and numeracy, to the advanced training required for employment in highly skilled occupations. The Government also offers the Skills and Partnership Fund (SPF), a demand-driven, proposal-based program that encourages stakeholders – such as training institutions, community organizations, local business and industry – to partner with Indigenous organizations to support skills development, job training and employment supports for Indigenous People. These partnerships are intended to address a broad range of Indigenous socioeconomic priorities, by better meeting local labour market demands. SPF is funded at \$50 million annually.

As also noted in the Report, the Government administers several programs that provide apprentices with the financial support they need to enter and complete their training. Most notably, as part of the existing Employment Insurance (EI) Program, apprentices who have been referred by their province or territory to attend full-time technical training (sometimes referred to as block-release training), may be eligible to receive Employment Insurance benefits while unemployed and attending their course. Budget 2019 also announced the Canada Training Benefit (CTB) to help Canadians gain the skills they need to succeed. The CTB will give workers a tax credit to help them pay for training, provide income support during training, and

offer job protection so that workers can take the time they need to keep their skills relevant and in-demand.

The Government also plays an important role in supporting an efficient supply of skilled, mobile, and certified workers to address labour market needs. To support the mobility of qualified candidates, the Government invests in programs encouraging labour mobility such as Job Bank, the Government's leading source for jobs and labour market information as well as the promotion of the Red Seal Trades.

In the 2018-2019 fiscal year, over 17,100 Canadian job seekers who signed up for Job Match expressed an interest to relocate for a job and 2,830 employers signaled a willingness to support relocation of workers to fill an immediate job vacancy on Job Bank, indicating the role Job Bank has played in facilitating labour mobility. ESDC works with Provinces and Territories to strengthen Canada's apprenticeship systems by harmonizing apprenticeship training requirements, which is a top priority for the Red Seal Program and is strongly supported by industry stakeholders.

In order to ensure that all these existing supports and programs address barriers for those who want to work in the skilled trades, and support employers who face challenges in hiring and retaining apprentices, Budget 2019 announced the Government will develop a new Apprenticeship Strategy to support apprentices and those employed in the skilled trades. The Apprenticeship Strategy will aim to drive to a more cohesive approach to federal apprenticeship supports, including consideration of the key needs of underrepresented and disadvantaged groups, to meet a wide range of needs.

Theme 3: Meeting the needs of construction industry through immigration

The Government is committed to working with stakeholders to ensure existing economic immigration programs meet the needs of all sectors, including that of the construction industry in the GTHA. We recognize that immigration is key to Canada's growth strategy, remaining an essential solution to strengthening our labour force and economy.

To this end, the Government has several immigration programs – providing a range of pathways – for skilled workers in the construction industry, depending on their circumstances, to become permanent residents.

For example, under the Canadian Experience Class, individuals with one year of Canadian work experience in a skilled occupation, and with the required language proficiency, can qualify for permanent residence through Express Entry. And, under the Federal Skilled Trades Program, those with or without Canadian work experience, but with two years of qualifying work experience in an eligible trade, can qualify for permanent residence through Express Entry provided that they have a job offer and the required language proficiency. In Express Entry, additional points are awarded for a job offer, increasing their chances of success. In recent years, successful applicants have included construction-related occupations, including electricians, plumbers, carpenters, brick layers, concrete finishers, roofers and others.

When experiencing persistent labour challenges in the construction industry, provinces and territories are also able to address local labour market needs through the Provincial Nominee Program (PNP) in addition to federal programs. The PNP allows Canadian provinces and

territories to nominate individuals who wish to immigrate to Canada and who are interested in settling in a particular province. While provinces and territories are responsible for proposing any changes to their PNP streams, the Government is committed to working with them to adapt their program needs.

The government takes very seriously the protection and safety of all workers, including those in precarious working conditions in the construction industry. As of June 4, 2019, we were pleased to announce that foreign nationals working in Canada on employer-specific work permits who find themselves in an abusive situation in the context of their employment in Canada may apply for an open work permit. This new work permit provides foreign workers with a means to leave their employer and reduces the disincentives of coming forward to report abuse, including loss of status, livelihood, and fear of removal from Canada.

For those with no immigration status within Canada, the Government also recognizes that this is a complex and multifaceted issue. While pathways to immigration status do exist for some undocumented workers, based on humanitarian and compassionate considerations, decisions on these types of cases are discretionary, so there is no guarantee one will be successful. Most recently, our Government announced that it will move forward with a *Temporary Public Policy for Out of Status Construction Workers in the Greater Toronto Area*. The public policy is a small, one-time initiative that will allow a limited number of long-time workers and their immediate family members to regularize their status and legally enter the workforce. This initiative will provide an opportunity to the Government to better understand how unauthorized work affects the labour market and the vulnerability of workers. It will also allow the government to examine how to address the challenges associated with unauthorized and no-status workers.

Finally, building on the Committee's 2016 report on the Temporary Foreign Worker Program (TFWP), the Government has responded with the 2017 Path Forward Plan where we committed to working with various sectors, including the construction industry. Work involved engaging with industry groups, employers, organized labour, provincial governments and other stakeholders to:

- Better understand sector-specific recruitment challenges (e.g. specialized skills, remote locations);
- Document existing labour market development strategies being undertaken by the sector and opportunities to further improve effort to attract Canadian workers; and
- Inform any future decisions with respect to the cap on the proportion of low-wage positions that a business can offer to TFWP at a given time.

While the TFWP has been used to bring in foreign workers in all types of skilled trades for all three construction categories, the largest user of the program has been the non-residential construction category and specifically activity related to the construction and maintenance of projects commissioned in the energy and resource extraction sector.

Conclusion

This response outlines the broad range of initiatives and investments that the Government has put in place to support Canadians – including youth and underrepresented groups – as well as newcomers, to access the Canadian labour market in general and the skilled trades in particular.

Canada's future success depends on building an economy that is as inclusive as it is innovative. That is why the Government is helping those who face barriers to participate and succeed in the skilled trades to start exciting careers. The Government is committed to continuing work in this area and to explore new ways to address labour shortages, wherever they arise.