

Standing Committee on Finance (FINA)

Pre-budget consultations 2012

Building and Construction Trades Department, AFL-CIO, Canadian Office

Responses

1. Economic Recovery and Growth

Given the current climate of federal and global fiscal restraint, what specific federal measures do you feel are needed for a sustained economic recovery and enhanced economic growth in Canada?

a. A consistent, evenly applied funding formula for infrastructure renewal both rural and urban. This ensures both provincial and municipal governments are prepared with projects to assist Canada reach full potential where and when they see fit. This funding formula ensures construction companies are bidding on these jobs on an ongoing basis, thus translating into economic activity in the skilled trades on a consistent basis. b. Labour Market Development Agreements with provincial jurisdictions that prescribe and measure training goals for new red seal apprentices and also the graduation of current students into journeypersons. Allocate existing unaccountable LMDA funding to provincial governments differently so employers are encouraged to hire construction apprentices either financially or through a tax incentive – no more money spent on redundant websites or studies, content of which already exists in the public domain. The federal government should be interested in getting value for money already allocated for distribution to the provinces. This costs no additional funds and given the current climate of federal restraint should be welcomed. Given the Government of Canada is a funder of Provincial education systems only, there should be financial consideration given to those provinces that actively promote the skilled trades with students in elementary and secondary schools to their students. In some provinces, there is little to no exposure for secondary school students to the competencies necessary for a successful career in the skilled trades. Measureable milestones to get value for money would be of specific interest to stakeholders.

2. Job Creation

As Canadian companies face pressures resulting from such factors as uncertainty about the U.S. economic recovery, a sovereign debt crisis in Europe, and competition from a number of developed and developing countries, what specific federal actions do you believe should be taken to promote job creation in Canada, including that which occurs as a result of enhanced internal and international trade?

Primarily, the Government of Canada needs to ensure barriers to employment are low. For example, there needs to be sufficient incentive for companies to hire young Canadians whom otherwise would not work and contribute to society. Generally, the Government of Canada can only create jobs either through program delivery or procurement. The Canadian Building Trades submits there should be a procurement policy in place on federal government construction sites encouraging contractors to hire young Canadians or Aboriginals registered in red seal trades the government would be taking a leadership role in procurement practices. According to the Construction Sector Council, 268,000 new skilled workers will be needed between today and 2017 to address projected skill shortages. At the same time, the rigorous supply and demand cycle of construction has created a training deficit in many parts of Canada. Oftentimes, contractors and owners Current Situation: Infrastructure projects, as part of the Economic Action Plan passed by Parliament, do not set training goals as part of the mandate of the program. At this time, industry and Provincial jurisdictions manage apprenticeships and program development. Requests for proposals (RFPs) are issued by purchasers of construction and then

construction contractors bid on the project. Currently, in most RFPs, training and apprentice ratios are not included as terms of contract. In some larger companies this process is used as a workforce development tool to ensure workforce retention. BCTD Policy: Canada should work with construction stakeholders to develop a process whereby, when a municipality/province/federal government is actively engaged in purchasing large amounts of construction services, the particular purchase should assist in training a workforce for the local community. Essentially, request for proposals (RFPs) which facilitate inclusion of apprentice and training goals for a particular project will assist the training deficit facing industry.

Training on public infrastructure projects that have the public good as a key component, should assist in training a future workforce for Canada. The Government of Canada should have used the large "spend" in 2009 and 2010 as a tool to leverage other public policy goals. Below is a sample of RFP language that would assist in workforce development: 1. a) Contractor is required to provide a detailed outline of the Apprentice Employment Plan they intend to implement and utilize to assist with the ongoing management of all aspects of craft apprentice and journey person employment on the Project. The detailed Apprentice Employment Plan will specify the contractor's commitment and owner requirement to employ a minimum of twenty (20%) apprentices on the Project with a distribution of approximately five (5%) each of first (1st), second (2nd), third (3rd) and fourth (4th) years respectively to make up the twenty (20%) apprentices. In the event the apprenticeship program is a three (3) year program, the twenty (20%) apprentices will be roughly one third (1/3) first (1st), second (2nd), and third (3rd) years respectively. b) Such contractor apprentice participation and statistics will be included in the required contractor Key Performance Indicator (KPI) monthly report. The Building Trades submits as part of the Economic Action Plan the Government of Canada (as a condition of shared funding) should have required municipalities and provinces to include this language in their documentation. In addition, all future Government of Canada infrastructure investments should have these requirements.

3. Demographic Change

What specific federal measures do you think should be implemented to help the country address the consequences of, and challenges associated with, the aging of the Canadian population and of skills shortages?

a) The Apprenticeship System needs to be improved. The Apprenticeship system is largely managed by the provincial jurisdictions. However, the federal government has a vested interest in making sure Canadians are as thoroughly trained as possible for the demands of industry. As identified by Statistics Canada in 2007 in the National Apprenticeship Survey while new registrations are trending upwards, the graduation rate from apprenticeship curricula in Canada is fairly low. There is little or no incentive for people to progress through the curricula either from industry or governments. The federal government has tried to assist through the implementation of the Apprenticeship Incentive. Currently, the Apprenticeship Incentive Grant applies to first and second year apprenticeship programs. The Apprenticeship Incentive Grant should be extended to year 3 and 4 of a Red Seal Apprenticeship program. The benefit amount should be increased (perhaps doubled) to reflect the seriousness of the Government of Canada in Canada's apprenticeship system. According to the CRA the Apprenticeship Incentive Grant (Tax Expenditures and Evaluations 2011) and related employment apprenticeship tax credits cost the Government of Canada \$89 million in 2011. In a very general sense, this is a small amount of funding to dedicate to such an important piece of public policy. b) Canada needs to partner with the United States to provide a skilled trade workforce. Canada needs a formalized system to facilitate skilled trades workers from the United States on a temporary basis (apart from the existing TFW Program but using existing Program infrastructure) on large energy projects. This would ease peak demand and supply issues forecasted between now and 2017. This system would prescreen American workers for admissibility to Canada, shorten employer search time and comfort CIC officials as to the

temporary nature of these entrants. It is forecasted by the Construction Sector Council that by 2017, 286,000 skilled trades will be required to meet labour market demand. During peak employment cycles, further integration of the Canadian and American labour markets are essential. The current Temporary Foreign Worker (TFW) program (jointly managed by HRSDC and CIC) is inadequate in terms of its treatment of U.S workers. In the TFW process a skilled tradesperson from the United States is treated the same as a worker from any other foreign country. Given the close relationship afforded through trade agreements (like the North American Free Trade Agreement) the Building Trades submits a process for US – Canada workers needs to be established. A “prescreening” process would occur in the United States wherein the Department of Homeland Security, Canada Border Services, and Citizenship and Immigration in Canada screen candidates for this “front of the line access” to the TFW program. HRSDC could continue to issue Labour Market Opinions (LMOs) to determine regional labour conditions. These “front of the line” prescreened workers would significantly shorten wait times for work permits to be issued – and construction contractors would receive the workforce they need. The Temporary Foreign Worker program has the infrastructure in place to effectively improve integration of Canada- US labour markets during peak employment cycles. This program to be easily streamlined to implement “front of the line access” to Canadian labour markets for identified workers resident in the United States.

4. Productivity

With labour market challenges arising in part as a result of the aging of Canada’s population and an ongoing focus on the actions needed for competitiveness, what specific federal initiatives are needed in order to increase productivity in Canada?

Productivity can be enhanced by assisting those Canadians who are not employed in their region travel to regions wherein their services are demanded by the economy. To facilitate this in the heavy construction industry there should be special consideration given to mobile workforces whom travel to become employed in construction. Oftentimes, many workers are available in different parts of the country but there is little to no incentive to travel to gain employment. The Employment Insurance system should be tweaked to allow a mobility grant to travel to where the work is or alternatively, a tax credit to offset travel costs not borne by the employer or purchaser of construction. This will ensure Canada is ready to meet project demands in the energy sector and beyond. The Building Trades has submitted various documents in previous years which highlight the economic benefit of such a system. A summary is below. Background: The GOC needs to ensure a system of tax fairness is in place for Canadians who belong to a mobile workforce and who may work for more than one employer during a tax year. This class of employee and taxpayer has distinct characteristics from other single employer Canadians. For example, this mobile workforce retains home and family in communities across Canada while spending personal funds to travel to gain employment. In the unionized sector, this class also is dispatched to jobsites through a hiring hall which generally covers a large geographic area. In some instances, this hiring hall sends the employees outside of this geographic area to obtain employment. Tax measures that allow the deductibility of travel expenses for employment purposes are required for individuals currently classified as employees under the Income Tax Act. Included would be cost of travel, meals and lodging less any money paid by the employer for said purposes. The spirit and intent of Bill C-227 should be incorporated into Budget 2010. The Building Trades have made a number of submissions to the Standing Committee on Finance and the Minister of Finance on this issue. In addition, apprentices cannot claim time spent in the classroom portion of their program as a qualifying education amount against personal income taxes. Students in both university and other post-secondary programs are able to claim this amount. Current Situation • Construction workers often incur large personal expenses to travel to worksites before becoming employees of construction companies and this cost is not tax deductible under the income tax act for individuals • Construction employers often

face large expenses to secure a workforce for the life cycle of their project • There is disincentive to hire workers from other provinces for their jobsites and a disincentive to travel to other parts of Canada for cyclical construction projects • Construction apprentices cannot claim education amounts for each whole or part month they were enrolled in a qualifying educational program BCTD Policy: • a change to the Income Tax Act as proposed by Chris Charlton, M.P for Hamilton Mountain • the Government of Canada adopt the principals put forth in the text C-201 as a Government Bill in the current session of Parliament or alternatively include changes to the income tax act in Budget 2013

5. Other Challenges

With some Canadian individuals, businesses and communities facing particular challenges at this time, in your view, who is facing the most challenges, what are the challenges that are being faced and what specific federal actions are needed to address these challenges?

No response.