

Petroleum Services Association of Canada

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?

The oil and gas industry in Canada is a major source of economic growth. The upstream petroleum services sector will be a major contributor to future growth including an upswing in manufacturing connected to resource development projects. Canada's petroleum services sector continues to develop new technologies such as multi-stage fracturing and horizontal drilling that have unlocked resources, previously considered not economically viable, leading to continued optimism for economic growth for the oil and gas industry. These advances enable Canada to maintain its position as a global leader in the oil and gas industry. The shortage of labour is arguably the biggest obstacle to continued and sustained growth for petroleum services companies and will require a combination of policy responses that ease access to domestic labour markets and foreign skilled workers. Accordingly, PSAC's key recommendations for budget 2013 include:

- Provide clarification on the imposition of taxable benefits on out-of- province workers and, where appropriate, implement an expansion of current tax exemptions;
- Offer tax credits for workplace training; and
- Undertake a review of foreign worker programs to recognize the skilled workers of the oilpatch that do not possess education credentials to facilitate their entry into Canada and ultimately to become permanent residents.

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?

The Canadian petroleum services sector is exemplified by an entrepreneurial spirit – the sector is responsible for manufacturing equipment and developing technologies and expertise to meet the needs of their customers in one of the most diverse and challenging basins in the world. This has resulted in many small businesses being created that in turn create many jobs and help in supporting local economies. Many of these companies have gone on to expand internationally. Petroleum services companies develop extensive and expensive employee training programs as many of the skills required cannot be learned at educational institutions. A top priority for PSAC members is the chronic labour shortage facing the sector and the escalating costs of attraction and retention in such an environment. There are reports of constrained activity and member companies moving operations to the USA due to the shortage of skilled labour here. This is a loss for Canada. Many petroleum services companies attempt to recruit from other Canadian provinces. They invest significant resource, both in time and dollar value to attract and train workers from other provinces who may have transferable skills, but not experience in the oil and gas industry. Many out of province workers would prefer to work shift or rotational schedules with a view to making a permanent relocation in the future as and when they are comfortable in terms of their own personal circumstances. This may require the employer to pay travel and accommodation expenses and which may negatively impact the employee through the taxable benefit regime. Should this become unpalatable to the employee, they do not return. Costs incurred by

the company for such a loss include the initial cost of recruitment plus the time and cost of training. As noted in 1 above, clarity around taxable benefits is required if we are to persuade Canadians to work in this sector. Accordingly, PSAC recommendations are: • Take action to remove the impediments to and promote the free movement of the workforce within Canada. • Implement tax credits for employers to encourage more workplace training.

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?

Workforce attrition due to retirement adds to the significance of the labour shortage. In addition to having to replace these workers, companies will need to invest in programs promoting knowledge transfer. Canada's petroleum services sector advances the innovation within the oil and gas industry, developing new technologies and practices on-the-job that allow for workers to respond the unique conditions of their operating environment. Again, as mentioned in sections 1 and 2, PSAC's recommendations are: • Take action to remove the impediments to and promote the free movement of the workforce within Canada. • Implement tax breaks for employers to encourage more workplace training; and • Undertake a review of foreign worker programs to recognize the skilled workers of the oilpatch that do not possess education credentials to facilitate their entry into Canada and ultimately to become permanent residents.

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?

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?