

Brief in Advance of the 2019 Federal Budget

A Submission to the House of Commons
Standing Committee on Finance

Addressing Technological Disruption

August 2018

Recommendations

- Consult Canadians, including business, labour, individuals, to identify gaps and weaknesses in current legislation governing employment and access to support programs for those in non-traditional employment.
- Improve monitoring and reporting on employment trends including the precarity of work, emerging skills shortages and, conversely, areas where existing skills may be challenged by technology.
- Improve labour market information to better align immigration with the needs of employers.
- Implement policies and programs to help workers transition to the human economy.
- Optimize the diversity of the workforce by providing indigenous Canadians with training opportunities.
- Facilitate the transition of foreign students into the Canadians workplace.

CPHR/CRHA Canada, the national voice of the human resources profession in Canada, welcomes the opportunity to participate in the House of Commons Standing Committee consultations in advance of the 2019 Federal Budget.

Budget 2019 has the opportunity to build on key initiatives in Budget 2018 in ways that will help Canadian families and the Canadian economy.

We know quality jobs are crucial to Canadian families and the quality of a country's human resources determines its global competitiveness and sustainable long-term prosperity.

We also know that we are in a period of great innovation and disruptive changes extending from the factory floor into our homes.

We need to ensure that Canadians are supported to change and adapt to this world of seismic economic, technical and social shifts to come. And we need to ensure that government policies and programs evolve rapidly, especially to reflect the changing nature of work and employment.

Recognizing the global dimensions of HR questions, we partnered with the US-based Society for Human Resource Management. The result is our joint paper, entitled *Demystifying Technology in the Workplace* (available upon request or in September at www.cphr.ca) In this paper, we note that technology can have a positive impact on firms in terms of cost reduction and efficiencies and can have a positive impact on workers by enhancing social experience, improving connectivity and collaboration.

But, technology can also have a negative impact. For example, third party online workers are exposed to greater career uncertainty and have fewer protections than workers in traditional employment. For firms, business continuity, data privacy concerns and increased regulation are among the risks.

These and other impacts on employment have important implications for governments. For example, online "freelancing" does not clearly fit into traditional employment legislation. Therefore, online workers in most

countries do not receive the benefits of unionization, collective bargaining, social benefits or legal protection such as minimum wage laws.

We at CPHR/CRHA Canada are not alone in noting these issues.

According to the Canadian Chamber of Commerce, with technology changing the nature of work and employees potentially losing their jobs to automation, continued reliance on traditional training programs could mean a training challenge affecting hundreds of thousands of people and costing an estimated \$6–18 billion per year.

CPA Canada also makes the case that precarious work is a growing problem. Technological and economic forces such as automation, artificial intelligence and remote work are rapidly upending our long-held notions of what constitutes a job or career. Increasingly, full-time, full-year work is giving way to more precarious arrangements that lack the same pay, benefits and protections enjoyed by previous generations. As well, pockets of individuals are at much higher risk of facing precarity than others; a handful of sectors are responsible for the growth seen in part-time, temporary and casual work typically associated with precarious work. This shift to non-standard work arrangements also disproportionately affects younger, better educated, and older Canadians.

In short, these best of times for innovation are not the best of times for all Canadians. Many middle-class families have already suffered from technological disruptions and more will suffer in the future. But this is not inevitable. With innovation in government policy and support, and effective engagement by key economic players, the times can be made much better and more equitable.

A start has been made.

Government, business and educational institutions have begun to work together to provide Canada's youth with opportunities for apprenticeships and skills development to be able to fully participate in the new

talent economy. A major initiative in this respect is the Global Apprenticeship Network (GAN), developed in response to the G20 priorities on apprenticeships and skills, which mobilizes the private sector, business federations and associations to share best practices, to advocate and to commit to actions for job creation and skills development. Joining the network would be a benefit to Canada.

Business too is acting. According to a 2018 Business Council survey of 95 large, private-sector companies, businesses are creating diverse partnerships with post-secondary institutions, employers are spending more on employee training, and a diverse and healthy workforce is a priority.

The Québec government estimates that 1.3 million jobs will need to be filled in the province over the next eight years and those jobs will be filled principally by youth and future immigrants. To respond to these challenges, the Québec government launched a five-year labour market strategy investing \$180 million and \$49 million specifically on training.

Budget 2018, with its Innovation and Skills Plan, set out broad reaching objectives largely focussed on skill development and education, as well as support for innovation. In other elements, it also set out clear support for families and to encourage gender equity. We welcome these initiatives.

And we would strongly support efforts in Budget 2019 to directly address issues surrounding those in precarious positions who may not be best able to take advantage of the Budget 2018 provisions, and to continue to support a diverse, welcoming work force.

The initiative could include the following:

- Consultation with Canadians, including business, labour, individuals, to identify gaps and weaknesses in current legislation governing employment and access to support programs for those in non-traditional employment. CPHR members would be pleased to support and participate in such consultations.

- Improve monitoring and reporting on employment trends including the precarity of work, emerging skills shortages and, conversely, areas where existing skills may be challenged by technology.
- Improve labour market information to better align immigration with the needs of employers. While governments largely support the immigration of skilled workers, organizations are equally facing shortages of unskilled workers. We also support the Canadian Chamber of Commerce's recommendation about modernizing the Temporary Foreign Workers (TFW) program by including a "trusted employer element" that would add flexibility by allowing employees and employers to renegotiate contracts by mutual consent, and exempt high-wage TFWs from a transition plan requirement.
- Implement policies and programs to help workers transition to the human economy where their know-how and skills no longer give them an advantage over increasingly intelligent machines. Creativity, passion, character, and collaborative spirit—their humanity, in other words, will be the source of one organization's superiority over another. Never before has the "soft skills" been as important to the success of firms.
- Optimize the diversity of the workforce by providing indigenous Canadians with training opportunities.
- Facilitate the transition of foreign students into the Canadians workplace and pursue initiatives from Budget 2018 to enable the full participation of women in the workforce. This would include ensuring foreign students in Canada can gain Canadian work experience, especially where this is required to gain admission to Canada's professions.
- Continue to ensure that new Canadians are able to apply their skills and professional qualifications in support of their families and the Canadian economy.

Addressing Canada's competitiveness requires a determined response and concerted action.

The quality of a country's human resources is an important determinant of its global competitiveness and sustainable long-term prosperity. Efficient and productive human resources propel the economy on the trajectory of growth and development.

We are confident the House of Commons Standing Committee on Finance will chart the course needed now to enhance competitiveness.

We are privileged to be part of that process and appreciate the opportunity to help inform the public discussion. We look forward to discussing our recommendations with the Committee.

For information, please contact:

Carole Presseault

For CPHR Canada

E carole@presseaultstrategies.ca

T 613-796-0422