House of Commons
Chambre des communes
Canada

House of Commons Standing Committee on Finance – Pre-budget Consultations 2013

This brief is submitted by:

(•) **an organization** **Organization name:** Building and Construction Trades Department AFL-CIO , Canadian Office

or

( ) **an individual** **Name:** _____

Topic: Personal taxation

*Recommendation 1: Please provide a short summary of your recommendation.

Introduction of a labour-mobility tax credit as a response to two major human-resources challenges facing the construction industry: labour shortages and allocation, and barriers to labour mobility. This cost is seldom reimbursed to the worker by his or her employer, it represents a significant barrier to the appeal of working mobile and Canada has developed regional workforces with skills mismatches. The solution is a tax credit that enables mobile workers to deduct the costs of expenses incurred for employment purposes less any money paid by the employer for these purposes.

Expected cost or savings: From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

$10 million-$99.9 million

1 year

Federal funding: Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

This initiative is revenue positive for the GOC. The initial cost to implement in the examples provided immediately result in a reduction of Employment Insurance Benefits paid from the Employment Insurance Fund and therefore is not a draw on the Consolidated Revenue Fund. A small pilot project involving a small target recipient base is estimated to cost $4 million in tax credits and pay back more than $16million to the Consolidated Revenue Fund and put unemployed Canadians to work. A larger credit involving more regions would cost approximately $43 million, paying back $157 million.

Intended beneficiaries: Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

Unemployed skilled trade workers whom would otherwise remain on employment insurance. These workers represent a wide swath of Canadian society –ranging from road builders, to oil and gas and pipeline workers, to maintenance employees at large industrial facilities. It is intended to assist unemployed people travel to where the work is – from regions of Canada experiencing high unemployment to areas experiencing scarcity. Sectors experiencing high employment rates would benefit from receiving new sources of labour and high unemployment regions would send people to work, benefiting communities.

General impacts: Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

When a Canadian comes off of employment insurance and undertakes employment their standard of living increases. When a vacant job is filled employers can be more productive and profitable. In construction, a contractor cannot bid on work without knowing the required workforce is available – this credit will lead to greater certainty in the procurement process. If an individual using the credit receives hours towards an apprenticeship completion this means this individual is receiving training and is a step closer to being certified. This credit could lead to on the job training.

Topic: Education and skills training

Recommendation 2: Please provide a short summary of your recommendation.

Although training is largely provincial jurisdiction, the Government of Canada has a national interest in a developing a skilled workforce. As a supplement to the Canada Job Grant , it is submitted that the Government of Canada partner with Provinces and industry to deliver foundational, orientation courses to promote careers in the skilled trades. Although provinces and industry can deliver this short term curricula, the Government of Canada can show leadership on this issue. A $10million fund dedicated to this purpose will serve young Canadians to learn about occupations in demand.

Expected cost or savings: From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

$10 million-$99.9 million

3 years

Federal funding: Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

Existing industry infrastructure could be utilized (community colleges and building trades training centres) to keep overhead and administrative costs low. Skills Canada could administer this fund as the national not-for-profit organization who has a related mandate. Skills Canada could identify trainers, locations and target young people for the sessions. Skills Canada infrastructure already exists and this would keep the program lean and efficient and ensure no funds are wasted. Allocate user fees collected from HRSDCs Temporary Foreign Worker Program (as enabled in BIA 2013).

Intended beneficiaries: Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

This program would target youth under the age of 18 who are currently in high school and making career choices. There would be the opportunity in program development to specify geographic locations and specific groups of young Canadians to be targeted.

General impacts: Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

The impacts certainly would be three fold: 1. A targeted sub set of young Canadians would receive exposure to these competencies 2. Industry would be able to identify potential apprenticeship candidate pool 3. More young people would be exposed to careers in the trades in general which is a stated public policy goal .

Topic: Infrastructure

Recommendation 3: Please provide a short summary of your recommendation.

Procurement policies for infrastructure be expanded to include safety requirements for contractors dealing with the Federal Government. In the industrial and commercial construction industries, there are a series of systems employed by the purchasers of construction to "pre-qualify" bidders based on industry safety records. In practice, this would mean only contractors with a documented and verifiable operation record would be eligible to bid on projects. This initiative would be free to implement – all provinces (through Worker's compensation systems) generate contractor safety records.

Expected cost or savings: From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

≤$499,999

Immediately

Federal funding: Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

It is anticipated this initiative will not cost any funds to implement as it is a Tender document change only. Currently, PWGSC undertakes a number of checks on bidders – this is simply another measure in the tender process. There is little to no red tape created – all of the technical data is available from the various provincial governments free of charge and adds no work to PWGS employees . Optimizing data analysis from industry is a benefit to the Government of Canada.

Intended beneficiaries: Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

The people of Canada ought to benefit from a procurement system that encourages safe construction practices in all of our communities. The Government of Canada ought to decrease risk of loss time incidents on federally funded or direct federal construction sites using contractors with a proven track record of safe operations.

General impacts: Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

n/a

Please use this page if you wish to provide more explanation about your recommendation(s).

Why a labour mobility tax credit?

To encourage and to assist workers to travel to obtain employment in the skilled trades.

1. Workers meeting employer qualifications are generally not available in local and adjacent markets to meet any increase in industrial demand. Employers will need to compete to attract additional workers. Recruiting and mobility may extend beyond traditional sources and practices within Canada. A mobility credit will assist.
2. Needed workers meeting employer qualifications are not available in local or adjacent markets to meet current demand so that projects or production may be delayed or deferred.

THE OPPORTUNITY
Matching the right workers on the right job site is critical in industry. Measures contained in Budget 2013 is encouraging training that is efficient and employer based.

Now is the time to build on this momentum. The Government of Canada must amend sections of the Income Tax Act to reflect the unique nature of construction's work arrangements and introduce a tax credit for those workers who are prepared to disrupt their lives and those of their loved ones to fill this important industry's worker shortages.

THE PAYBACK
Our proposal for a labour-mobility tax credit makes eminent business sense for the Government of Canada. Introduced in Budget 2014, we expect that a three- or four-year pilot project to test this initiative will yield significant benefits for workers, employers and government alike. This is a self funding credit - the Consolidated revenue fund will gain from increased economic activity.
Workers will benefit from a reduction in their temporary relocation costs and a reduction in time spent unemployed.
Employers will benefit from access to larger pools of qualified workers, and reduced costs relating to participation in programs such as the Temporary Foreign Worker program.
In exchange for modest, short-term per-worker losses of tax revenues, the Government of Canada will benefit from increased long-term income-tax revenues and reduced dependence on costly social programs like employment insurance.

A small pilot project involving a small target recipient base is estimated to cost $4 million in tax credits and pay back more than $16million to the Consolidated Revenue Fund and put unemployed Canadians to work. A larger more widespread credit involving more regions would cost approximately $43 million to implement and pay back more than $157 million to the GOC.

*Please note that at least one recommendation must be provided