Impact of Government Policy on Mobility in the Canadian Construction Industry

Construction Sector Council

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Prism Economics and Analysis

October 2006
Contents

Executive Summary 5

1. Introduction 11

2. A Brief History of Policies and Programs promoting Interprovincial Labour Mobility 15

3. What We Heard 22

4. Cost Factors 29

5. Portability of Qualifications 35

6. Labour Market Information 48

7. The Balance Sheet on Mobility 50

Bibliography 52

Appendix A: Interviews 55
**Executive Summary**

- *Construction workers are significantly more mobile than workers in other industries.* Studies have found that, in some regions, during a single year, approximately a fifth of construction workers are employed outside of their province of residence. ¹

- *Government policies affecting mobility are therefore of greater significance in the construction industry than in most other sectors.*

- *Temporary relocations play a much more significant role in the construction industry than is the case in most other industries.* The importance of temporary relocation derives from the cyclical and seasonal nature of construction and transitory nature of many skill shortages. Government policy, however, is focused more on supporting permanent relocations. There are no policies or programs to encourage temporary re-location. Indeed, the only policies that address temporary skill shortages are policies and programs that facilitate temporary immigration.

- In the construction industry, three factors have the greatest impact on mobility:
  1. costs
  2. the portability of qualifications, and
  3. the availability of relevant labour market information.

- Government policies affect construction mobility, either positively or negatively, through these channels.

**History of Mobility Policy**

- Mobility policy has evolved depending on what type of unemployment is seen as the priority.

- *1960s and 1970s*  
  - focus was on:  
    - reducing regional differences in unemployment through permanent relocation assistance (Manpower Mobility Program – loans and grants)  
    - relieving temporary unemployment through job creation programs

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• Dodge Report (1981)
  o shift focus to skills retraining and special programs for disadvantaged group
  o finance new programs by withdrawing from direct job creation and from relocation assistance

• Sector Task Force on Mobility in the Construction Industry (1980)
  o context: 1973 and 1978 oil price shocks and proposed energy mega-projects
  o projects were aborted when prices fell after 1982
  o Recommendations:
    1. Introduce mobility incentives – both permanent and temporary
    2. Provide tax exemptions for employer-paid allowances,
    3. Provide tax deductions for travel and accommodation expenses,
    4. Improve labour market information and forecasting,
    5. Standardize apprenticeship training:
      a. common core curriculum,
      b. common sequencing, and
      c. common hours requirements,
    6. Strengthen the Red Seal program

• Red Seal Program (1952)
  o concept of Inter-Provincial Standard first endorsed in 1952
  o current: 45 trades / 24 construction

• Inter-Provincial Mutual Recognition Agreements
  o Quebec / Newfoundland and Labrador (1998)
  o Quebec / Ontario (2006)
  o Quebec / New Brunswick (2006)
  o Alberta / B.C. (2006)
  o These inter-provincial agreements variously:
    ▪ apply to tradespersons without Red Seal endorsement
    ▪ provide for “trade activity cards” for uncertified workers trades that are voluntary in one jurisdiction, but compulsory in another
    ▪ allow for commensurability of occupational health and safety training
    ▪ may allow for commensurability of other occupational qualifications
Industry Views

- The importance attributed to mobility varies by region, by sector and by trade. Atlantic Canada and western Canada generally assign a high importance to mobility and to the removal of mobility restrictions. In the GTA, and possibly in other major immigrant-receiving areas, mobility is secondary to immigration as a source of incremental labour supply.

- Mobility is generally of greater importance for employers and workers in compulsory trades (e.g., electrical trade and pipe trades) and for employers in the industrial, civil and pipeline sector. Mobility is less important for employers in the residential sector owing to the greater reliance of this sector on both immigration, uncertified workers in voluntary trades, and ‘independent operators’.

- Across-the-board industry representatives attached greater importance to temporary mobility to meet cyclical or seasonal demand peaks than to permanent relocation.

- The union travel card system received widespread support for its contribution to mobility.

- Industry is deeply concerned about the lack of tax deductibility or other support for temporary relocation.

- The Red Seal system has strong support in the ICI, civil and pipeline sector, though is less important to the residential sector. Industry’s priorities are extending the Red Seal system to uncovered trades, moving forward on common core curricula for trades, and adopting common sequencing for in-school training.

- In the main, the industry is satisfied with the availability of labour market information on short-term employment opportunities.

Cost Factors

- Permanent Re-Location
  - broad coverage of tax deductibility for expenses is in place
  - net effect, depending on tax bracket – 20-35% of one-time relocation costs

- Temporary Re-Location
  - employer-paid allowances are taxable
  - temporary relocation expenses are not eligible for deduction against wage and salary income, but are deductible against ‘independent operator’ income
  - exemptions fore ‘special work sites’, ‘remote locations’, and ‘prescribed northern locations’. 

- 7 -
- portability of EI eligibility and entitlements and medicare coverage (3 month rule under \textit{Canada Health Act})

- U.S. tax treatment of temporary re-location costs is more favourable.

\textbf{Portability of Qualifications}

- Positive Trends:
  1. greater acceptance of Red Seal program (approximately 94\% coverage; increasing take-up rate)
  2. broad acceptance of CWB ‘tickets’ in welding

- Negative Trends:
  1. some provinces are creating new trades outside Red Seal system or certifying ‘skill-sets’
  2. limited progress on common core curriculum and common sequencing in apprenticeship training
  3. range of disparate provincial certifications and licences in specialized fields, e.g., pressure welding, gas fitting, equipment operation
  4. growing range of disparate health and safety certification requirements for both workers and employers

\textbf{Labour Market Information}

- In the unionized sector, the system of business managers’ ‘call’ to sister locals to assist in meeting a skill shortage has assisted in addressing temporary peaks in demand, especially peaks related to the maintenance cycle in industrial facilities.

- The union ‘travel card’ system has contributed to mobility by enabling union members to seek work in other regions without being impeded by local jurisdictional boundaries.

- The National Job Bank currently registers approximately 700,000 vacancies annually, including a significant number of construction vacancies. The Job Bank is used more widely in the non-union sector.
Conclusions

The Credit Side of the Ledger

1. There is growing acceptance of the Red Seal system and near-complete (though not 100%) coverage of construction trades. In recent years 57-63% of qualifiers in construction trades have obtained a Red Seal endorsement.

2. There is broad acceptance of CSA International standards for welding and CWB ‘tickets’ as certifications of proficiency to the CSA International standard.

3. There is broadly-based and generous tax deductibility for permanent relocations.

4. There is tax deductibility of additional living costs and tax exemption for employer-paid accommodation benefits for remote work sites and prescribed northern areas.

5. There has been moderate progress towards mutual recognition of some occupational licences outside the trades system, notably for elevator mechanics, stationary engineers, and some pressure welding licenses.

6. The union ‘travel card’ system has contributed to mobility along with the system of business managers’ ‘calls’ to address temporary skill shortages.

7. EI is fully portable. The CPP is fully portable. Medicare coverage is effectively portable. (Individuals carry their home province’s coverage for three months after which they are eligible for coverage in their province of current residence and employment).

8. The National Job Bank provides employers and workers with a zero-cost system of registering. The system has been particularly useful in the non-union sector, though it is limited by the requirement for fluency in an official language and the ability to use the Internet.

9. Through ad hoc mutual recognition agreements, some provinces have increased their commitment to the portability of qualifications and extended that portability beyond Red Seal trades.

The Debit Side of the Ledger

1. Except for the limited exemptions for ‘remote work sites’ and ‘prescribed Northern regions’, there is not tax deductibility or exemptions to support temporary relocations. This is the single most serious impediment to mobility in the construction industry. The failure to deal with this problem exacerbates skill shortages in areas of high demand while increasing the costs of income support in areas of high unemployment. At the same time, the more favourable treatment of ‘independent operators’ creates perverse incentives on the part of workers and employers to style workers as ‘sub-contractors’. This trend augments
underground practices and undermines other policy objectives, notably workplace health and safety.

2. There has been far too little progress made towards standardizing apprenticeship training and thereby making this training portable. The lack of a common core curriculum in most trades and common sequencing of apprenticeship training seriously impedes the mobility of apprentices.

3. Disparate provincial licensing requirements for equipment operators, pressure welders, gas fitters and other trades introduce unnecessary impediments to mobility. At best, mutual recognition arrangements are *ad hoc* and only entitle a worker to be re-licensed without being re-tested. At worst these disparate licensing requirements directly frustrate mobility by preventing otherwise qualified workers from being employed in their trade.

4. The practice of some provinces of maintaining or establishing trades outside the Red Seal system weakens the Red Seal system and could return segments of the construction industry to conditions that prevailed in an earlier period when incommensurate trade qualifications were the norm.

5. There is a growing trend toward disparate occupational health and safety requirements for both workers and employers. Certification requirements – whether founded in regulations or tender documents – potentially impede mobility. This problem is increasing rather than receding. At a minimum, there is a need for a worker ‘passport’ system and for a databank of occupational health and safety courses that would facilitate mutual recognition practices.
1. Introduction

This study was commissioned by the Construction Sector Council – Conseil sectoriel de la construction. The purpose of the study is to examine the impact of the policy environment on mobility in the construction industry. The study’s principal focus is on inter-provincial mobility, although the report also addresses mobility within regions and mobility across different segments of the construction industry. The study is chiefly concerned with government policy. Industry policy is also noted where it is germane.

The study is based on a literature review and interviews. A list of persons interviewed is reproduced at Appendix A.

Several features of the construction industry are either unique to the industry or significantly more pronounced in construction than in other industries.

First, *construction is highly cyclical*. These cycles are more pronounced at the regional level than at the national level. Within a region, the employment peak can be double or more of the employment trough.

Second, *the construction cycle differs across regions*. Difference in the regional ‘economic drivers’ mean that one region can be experience a contraction in employment demand while another region is grappling with skill shortages.

Third, in addition to being cyclical, *construction work is also seasonal*. Within a year, peak employment is 30-35% above the seasonal trough. Seasonal factors accentuate skill shortages in regions where there is strong demand.

Fourth, the cyclical and seasonal nature of construction work results in *frequent interruptions of employment* and changes of employer. Construction workers must be mobile across employers. These means that skills must be broadly-based (rather than company specific) and portable.

Fifth, the construction industry is dominated by *small employers*. More than half of all construction companies employ fewer than 20 persons,
including their office and supervisory staff. Many construction employers lack the resources to check employment references, verify experience and train new workers, especially if the assignment is for a short duration. Consequently, in the construction industry skill certification is an important and cost-efficient ‘signal’ of proficiency in a trade.

In light of these characteristics, it is not surprising that construction workers are significantly more mobile than workers in other industries and that this mobility is important for the overall productivity and efficiency of the construction industry. The Atlantic Economic Council, for example, found that in 2000, 18% of surveyed construction tradespersons in Nova Scotia reported that they had worked outside the province. Half of these respondents worked more than 13 weeks out of province. An earlier study of carpenters found that in 1999, out-of-province employment averaged 14.7% across Canada.

The three factors which have the greatest impact on mobility in the construction industry are:

1. costs,
2. the portability of qualifications, and
3. the availability of relevant labour market information.

Government policies affect construction mobility through these three channels. Figure No. 1 summarizes the impact of the policy environment on mobility in the construction industry.

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2 Statistics Canada, CANSIM, Labour Force Survey, Table 282-0075

3 Atlantic Provinces Economic Council, Skilled Trades and the Offshore Industry, October 2002 p 9

4 Prism Economics and Analysis, Carpentry Trade Human Resource Analysis, December 2000
Figure No. 1
Policy Environment and Mobility - Impediments and Supports

<table>
<thead>
<tr>
<th>Costs</th>
<th>Incentives or Supports to Mobility</th>
<th>Issues</th>
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<tr>
<td>• relocation costs for <em>permanent</em> relocations</td>
<td></td>
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<tr>
<td>• travel and accommodation costs for <em>temporary</em> relocations</td>
<td>• substantial tax deductibility for <em>permanent</em> relocation costs</td>
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<td></td>
<td>• partial tax deductibility for relocation to ‘remote areas’</td>
<td>• lack of tax deductibility for travel and accommodation costs for <em>temporary</em> relocation, except for ‘independent operators’</td>
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<td></td>
<td>• full portability of EI entitlements and eligibility</td>
<td>• elimination of earlier programs which provided mobility grants for</td>
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<td></td>
<td>• full portability of CPP</td>
<td><em>permanent</em> relocations</td>
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<td></td>
<td>• full portability of medicare coverage pending local qualification</td>
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<td></td>
<td>• full portability of union welfare benefits</td>
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<tr>
<td>Portability of Qualifications</td>
<td>• lack of mutual recognition for certain trades</td>
<td>• extending Red Seal to currently uncovered trades</td>
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<td></td>
<td>• divergent qualifications for specialized skills (e.g., pressure welding and operation of hoisting equipment)</td>
<td>• improving mutual recognition for specialized skills (e.g., pressure welding and operation of hoisting equipment)</td>
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<td></td>
<td>• divergent health and safety training and certification requirements (affects both workers and employers)</td>
<td>• ‘passport’ to document health and safety training</td>
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<td></td>
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<td>• course description database to facilitate equivalency assessment</td>
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<td>Labour Market Information</td>
<td>• frequent lack of detailed information on construction employment opportunities</td>
<td>• under-utilization of Canada Job Bank by employers</td>
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<td>• Canada Job Bank (HRSDC)</td>
<td>• informality of labour market information</td>
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<td>• union ‘calls’ for qualified tradespersons</td>
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Outside of the construction industry, mobility is understood in terms of *permanent*, or at least long-term, relocations. Permanent relocations are also important in the construction industry. Data from national trades studies suggest that 6-12% of journeypersons have permanently relocated out of the province in which they obtained their trade qualification. Unlike, many other industries, however, *temporary* relocation is also an important factor in the efficiency of the construction labour market. The importance of *temporary* relocation derives from the cyclical and seasonal nature of construction and transitory nature of many skill shortages. Consequently, unlike many other industries, the construction industry needs a component of its work force to be *temporary*. It is important that government policies take this need into account.

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5 Various national trade studies by Prism Economics
Policies which focus solely on facilitating and supporting permanent relocation (usually to address structural imbalances) do not adequately reflect the complex needs of the construction industry. Responding to temporary skilled labour shortages through temporary immigration is a socially inefficient means of meeting industry needs. While there may be a role for such temporary immigration, this solution should be pursued only after exhausting the potential for inter-regional and inter-provincial mobility.

A key conclusion of this study is that there are several policy areas in which changes would improve inter-provincial and inter-regional mobility and thereby ease some of the labour supply challenges in regions currently experiencing skill shortages.

Chapter Two of this study provides a brief history of labour market policies dealing with mobility issues. An important finding of this chapter is that, with the important exception of the Red Seal program and some recent inter-provincial agreements, the specific needs of the construction industry have not figured prominently in government policy. In particular, government policy has not reflected the construction industry’s need for temporary relocations to deal with skill shortages that have been aggravated by cyclical and seasonal factors.

Chapter Three summarizes the views of industry, government officials, and subject matter experts, based on interviews we conducted.

Chapter Four examines the impact of government policies on cost factors, chiefly through the tax system but also, historically, through relocation incentives.

Chapter Five looks at the portability of occupational qualifications. This chapter examines trade qualifications and the Red Seal program. The chapter also considers the implications for mobility of specialized skill certifications that are outside the Red Seal program and also of the growth in occupational health and safety certifications, many of which are required either by regulation or by tender specification.

Chapter Six describes the availability of relevant labour market information and notes areas in which this can be strengthened.

Chapter Seven summarizes the principle conclusions of the study by presenting a ‘balance sheet’ on mobility policy.
2. A Brief History of Policies and Programs promoting Interprovincial Labour Mobility

1960s to 1980s:

Prior to the 1970’s, the central focus of labour market policy was on counter-cyclical measures to offset temporary job losses caused by a cyclical downturn in the economy. In addition to the use of fiscal and monetary stabilizers, government also used the Unemployment Insurance system to provide temporary income support. Under the ‘development uses’ provisions, the UI fund was also used to finance the direct creation of temporary employment, often in the construction industry. Labour mobility was viewed chiefly in terms of permanently relocating workers from regions of high unemployment to regions where employment was expanding. The principal policy instruments were the National Employment Service, which provided information on job opportunities, and the Manpower Mobility Program (MMP), which provided (under various configurations) loans or grants for permanent relocation. The MMP was inaugurated in 1965.

In the 1970s, as a result of falling tariffs on manufactured goods and the movement of manufacturing capacity out of North America, large-scale lay-offs of industrial workers became common. The central policy document to emerge out of these developments was the Report of the Task force on Labour Market Development, more commonly known as the “Dodge Report”. The Dodge Report urged a fundamental re-orientation of labour market policy. The priority of labour market policy was to be the reduction of long-term, structural unemployment. Long-term, structural unemployment arose when industries and the jobs and skills associated with them declined and were replaced by new industries with new jobs that required different skills. Often, though not always, these structural changes in the economy had a regional dimension. The key challenge of labour market policy, in this view, was to accelerate the inter-sectoral and inter-occupational mobility of labour. To accomplish this, the Dodge Report argued for a re-allocation of resources from counter-cyclical job creation to skills retraining. The Dodge Report also raised proposed programs targeted to disadvantaged groups. The point of departure for the Dodge Report – indeed, the foundation of its recommendations – was the need to align

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labour market policy with structural changes in the economy. The particular needs of the construction industry, and indeed, the earlier emphasis on combating cyclical unemployment, played little role in the recommendations of the Dodge Report.

In the main, the policy reorientation advocated by the Dodge Report formed the basis for federal labour market policy in the 1980s and thereafter.

*Sector Task Force on Mobility in the Construction Industry (1980):*

Concurrent with the industrial restructuring of the 1970s was the commencement of major engineering projects, such as the James Bay development. At the same time, there were proposals for several ‘mega-projects’. Foremost among these was the Mackenzie Valley Pipeline. The ‘mega-projects’ were a response to the rapid escalation of energy prices that occurred in 1973 and thereafter. As the number of potential ‘mega-projects’ increased, concerns were expressed over the ability of the labour market to supply the skilled labour that would be needed to undertake these projects. In 1978, pursuant to a First Ministers Conference, a task force was established under the aegis of the Construction Industry Development Council to examine mobility in the construction industry. This task force is the first time that the distinct needs of the construction industry were directly brought to bear on the formulation of labour market policy, though with only limited impact.

In 1982, oil prices began a steep decline. By 1985, energy prices were back to pre-1973 levels. As a result, the ‘mega-projects’ were shelved. With the exception of expanding the Red Seal program (established in 1958), the mobility issues that were raised by the Sector Task Force on Mobility in the Construction Industry were largely shelved along side the ‘mega-projects’. It is useful, however, to note the principal recommendations in the Sector Task Force.\(^8\) Among the recommendations were:

1. Mobility incentives for *temporary* relocation to work on major projects,
2. Special grants to construction workers in designated high-unemployment areas to relocate *temporarily* to areas of shortage,
3. Tax exemptions for travel and accommodation allowances paid by employers,
4. Tax deductions for travel and accommodation expenses incurred on temporary relocations,
5. Improved labour market forecasting,
6. Improved information on employment opportunities,

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7. Standardization of apprenticeship training, specifically, the adoption of a common core curriculum, common sequencing, and common hours requirements,

8. Strengthening of the Red Seal program.

Since the release of the Task Force report in 1982, there has been modest progress on the standardization of apprenticeship training and on strengthening the Red Seal program. Improved labour market forecasting has been adopted as a priority by the Construction Sector Council. The majority of the Task Force’s recommendations, however, were not taken up by governments. Nevertheless, these recommendations are as germane today as they were when initially proposed.

As noted, labour market policy since 1981 has largely followed the direction set out by the Dodge Report. The Manpower Mobility Program was folded into the Canada Jobs Strategy (which was unveiled in 1985). The MMP’s scope and eligibility criteria were progressively tightened over time. Direct grants were replaced by tax deductions for permanent relocation costs when this relocation was for employment purposes.9

Agreement on Internal Trade (1995):

In the 1990’s, following adoption of the Free Trade Agreement (1989), increased attention was directed towards reducing barriers to the free movement of goods, services, and labour within Canada. In 1994, the Federal government and the provinces signed the Agreement on Internal Trade (AIT), which became effective in 1995.10 Chapter seven of the AIT deals with labour mobility. The Forum of Labour Market Ministers (FLMM - established in 1983) is responsible for co-ordinating and monitoring implementation of the Labour Mobility Chapter under the AIT. To this end, the FLMM established the Labour Mobility Co-ordinating Group to co-ordinate and monitor compliance with chapter seven. In February 1999, all federal, provincial and territorial governments, except Quebec, also signed A Framework to Improve the Social Union for Canadians. The Framework committed signatory governments to ensure full compliance with all labour mobility provisions of the AIT by July 1, 2001. Though not a signatory, the province of Quebec promised compliance by the July 1, 2001 deadline.

It is estimated that approximately 15-20% of Canadians are employed in regulated occupations. The AIT acknowledges the right of provinces to establish occupational standards, but commits the provinces to pursue mutual recognition where there is substantial commonality in standards. Restrictions are subject to a “legitimate objectives” test which is part of the dispute resolution mechanism. “Legitimate


10 The text of the agreement is reproduced at: http://strategis.ic.gc.ca/epic/internet/inait-aci.nsf/en/h__il00034e.html
objectives” generally pertain to competency and public safety. Additionally, the provinces and territories are obliged to make qualification requirements transparent and to maintain fee structures that are not more burdensome on workers from outside of the province. The FLMM maintains the Work Destinations web site which provides current information on all regulated occupations.

Pursuant to article 706 of the AIT, the provinces and territories have removed (or directed regulatory bodies to remove) residency requirements for occupational licensing or registration. The FLMM also promotes mutual recognition agreements and maintains a database on these agreements.

Red Seal Program:

Of particular importance to the construction industry is Article 708 of the AIT which provides that "the Red Seal program shall be the primary method through which occupational qualifications in the regulated trades are recognized." The Canadian Council of Directors of Apprenticeship is charged with the responsibility for overseeing the implementation of labour mobility obligations in the regulated trades.

The Red Seal program provides for inter-provincial recognition of trade qualifications. The program was established in 1952. The first Red Seals were issued in 1959 - for Motor Vehicle Repairers. All provinces and territories are part of the Red Seal program. Quebec joined the program in 1971. At present there are 45 Red Seal trades, of which 24 are construction trades. The Red Seal program is discussed in more detail in Chapter 3 - Recognition of Qualifications.

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11 The full list of “legitimate objectives” (article 713) is:
- public security and safety;
- public order;
- protection of human, animal or plant life or health;
- protection of the environment;
- consumer protection;
- protection of the health, safety and well-being of workers;
- affirmative action programs for disadvantaged groups;
- provision of adequate social and health services to all its geographic regions;
- labour market development; and
- cost containment in the health sector, such as limiting the number of workers in a given occupation in order to limit public expenditures.

12 http://workdestinations.org
Inter-Provincial Disputes and Agreements:

Quebec and Ontario

Among the sharpest and most protracted of inter-provincial disputes on construction mobility was the conflict between Ontario and Quebec. Quebec’s system of construction industry regulation requires both employers and workers to be registered. Registration of employers requires a principal in the company to pass certain qualifying examinations. Workers are required to hold a competency certificate. For workers in one of the 26 recognized construction trades, this is either a certificate of qualification or registration as an apprentice. For labourers and other specialized workers, an occupational competency certificate is required. This entails completion of a designated 30-hour occupational health and safety course and a 15-hour general construction knowledge course. Access to the latter course is not automatic; intake is limited by estimated industry requirements. Quebec’s legislation also requires workers to elect membership in one of five unions entitled to represent construction workers. Employers, in turn, are bound by the terms of province-wide collective agreements that apply to all workers, regardless of their union affiliation. Both workers and employers must also be able to operate in French. This is a general requirement under Quebec’s language legislation. The regulation of the construction industry is managed by the Commission de la construction du Québec (CCQ)

Workers from outside Quebec obtain access to Quebec jobs either by following their employer or by relocating to Quebec, either permanently or temporarily. As a practical matter, Quebec’s system of regulating the construction industry deters most (though not all) contractors in adjoining provinces from registering with the CCQ and pursuing work in Quebec. Since the same employer registration requirements do not apply in other provinces, Quebec-based firms are able to pursue work in those provinces and may, in some circumstances, bring their workers with them. Worker registration similarly creates asymmetrical impediments since other provinces have fewer mandatory trades and do not require workers in the construction industry to register with a regulating authority. Ontario and Quebec were initially unsuccessful in resolving these asymmetries. Ontario responded by enacting the Fairness is a Two Way Street Act which sought to replicate for Quebec contractors and workers the same requirements in Ontario that Ontario workers and contractors encountered in Quebec. The legislation was adopted in 1999, but delayed in its enforcement to 2002. Enforcement was the responsibility of Ontario’s Jobs Protection Office (JPO). The JPO relied on site inspections and had the power to order workers and contractors off jobs and impose fines for non-compliance with the statute’s registration requirements.

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There are three examinations, one for electrical contractors, one for plumbing and HVAC contractors, and one for all other contractors. These examinations require demonstration of the applicant’s understanding of employment laws, health and safety, code requirements, and basic construction management.
In June of this year, Ontario and Quebec negotiated an agreement on mobility issues in the construction industry.\textsuperscript{14} As a result, Ontario’s JPO has been wound down. The agreement between Ontario and Quebec provides for mutual recognition of trade qualifications and allows uncertified Ontario workers in voluntary trades to obtain a Trade Activity Card which will be recognized by the CCQ for comparable trades in Quebec which require a competency certificate. The agreement also sets out commensurability for certain health and safety courses which may be mandatory in the respective jurisdictions. Commensurability is also spelled out for certain occupational licenses, such as those required for oil and gas work. Ontario-based contractors are still required to register in Quebec, but may be exempted from writing examinations in general construction management, health and safety awareness, and administrative management. However, examinations in building code knowledge are still required. Accompanying agreements expand the ability of Ontario-based contractors to bid on work put out to tender by Société des alcools du Québec and Société des loteries du Québec, and on work tendered by Hydro Québec in the Outaouais region.

Quebec and Newfoundland and Labrador:
The Ontario-Quebec agreement mirrors, in many respects, the 1998 agreement between Quebec and Newfoundland and Labrador.\textsuperscript{15} The Quebec Agreement with Newfoundland and Labrador removed previous restrictions on the regions of Quebec in which Newfoundland and Labrador workers were allowed to work. The agreement also provides for mutual recognition of trade qualifications (where there are equivalent trades) and sets our commensurability for health and safety training. Unskilled workers in Newfoundland and Labrador also have access to Quebec competency certificates, thereby enabling them to work in that province. Newfoundland and Labrador contractors are exempted from examinations in general construction management, health and safety awareness, and administrative management, provided they have been registered in Newfoundland and Labrador for more than five years.

Quebec and New Brunswick:
No formal agreement on labour mobility has been negotiated between Quebec and New Brunswick. However, the April 2006 Co-operation Agreement commits the parties to negotiate a mobility agreement.\textsuperscript{16}

British Columbia and Alberta:
In April of this year, the governments of British Columbia and Alberta concluded the Trade, Investment and Labour Mobility Agreement (TILMA). The Agreement was described by the Canada West

\textsuperscript{14} Ontario and Quebec Agreement on Labour Mobility and Recognition of Qualifications, Skills and Work Experience in the Construction Industry (2006), June 2, 1006. The 2006 agreement supersedes a 1996 agreement.

\textsuperscript{15} New Brunswick-Quebec Co-operation Agreement, April 24, 1998

\textsuperscript{16} New Brunswick-Quebec Co-operation Agreement, April 18, 2006
Foundation as creating Canada’s second-largest ‘free trade zone’, after Ontario. TILMA provides for mutual recognition of Red Seal holders and embraces the principle of mutual recognition of other occupational certifications. Red Seal recognition was substantially in place prior to TILMA. While TILMA commits the two provinces to harmonize their occupational standards, the Agreement does not immediately change current differences between the two jurisdictions. TILMA lists a number of occupational requirements which apply in one province, but for which there is no counterpart in the other province. For example, in the construction industry, Alberta requires a competency examination for Crane and Hoisting Equipment Operators and for Tower Crane Operators who have not completed an apprenticeship. TILMA is being interpreted by some commentators as allowing for mutual recognition of trade qualifications but only within the scope of competency regulated by the respective provinces. Thus if a trade qualification holder is certified to perform tasks A, B and C, but not D in one province, that worker would be allowed to perform tasks A, B and C, but not D in the other province, even though the normal scope of trade qualification in the second province might include D. This modification of the principle of mutual recognition is generally not relevant to Red Seal trades, but is relevant to other specialized skills and to trades not covered by the Red Seal program.

While the immediate implications of TILMA are not likely to be significant in construction, in the longer term, TILMA will introduce a form of mutual recognition for the few remaining non-Red Seal trades and harmonize other training requirements, such as health and safety training. Business registration procedures will also be harmonized.

The history of labour market policy set out in this chapter paints a mixed picture of how policy makers have dealt with the specific needs of the construction industry. The reorientation of labour market policy following the Dodge Report provided little if any ‘space’ for addressing the specific needs of construction. These needs are quite different from the Dodge Report’s focus on adjusting to long-term, structural changes in the economy. Most of the recommendations of the 1980 Report of the Sector Task Force on Mobility in the Construction Industry were not acted on. On the other hand, the construction industry has been a leading beneficiary of the Red Seal program. Twenty-four of the 45 Red Seal trades are construction trades. The Agreement on Internal Trade eliminated residency requirements for trade certification. The construction industry also benefited from mutual recognition agreements between provinces, although these agreements may not have kept pace with the growth in provincial regulation of specialized skills and health and safety training. As the remaining chapters will make clear, there is still a significant ‘mobility agenda’ for the construction industry.

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3. What We Heard

How important is mobility?

The importance that industry members attach to mobility varies, depending on the regions on which they are focused, the sector within the construction industry that primarily concerns them, and their trade.

Not surprisingly, industry leaders in Alberta attach a high degree of importance to inter-regional mobility as at least part of the solution to labour supply problems in the provincial construction industry. Until recently, Alberta has not received a large share of immigrants. Indeed the vast majority (approximately 75%) still settle initially in Montreal, Toronto or Vancouver. The recent sharing of responsibility for immigration management with the provinces may alter this pattern in the future. Nevertheless, the current pattern is that Alberta is significantly more reliant in inter-provincial migration to meet its labour supply needs. This appears to be even more true in the case of construction occupations.

Inter-provincial mobility is also important in Atlantic Canada where there is a pattern of contractors seeking out-of-province work within the Atlantic region and an even stronger pattern of workers taking out-of-province work both in other Atlantic provinces and elsewhere in Canada.

By contrast, in regions of the country that are heavily reliant on immigration to meet labour supply – such as the Greater Toronto Area – inter-provincial mobility is secondary to immigration as policy priority.

Industry leaders whose focus is on the national labour market for construction see immigration as an important source of labour supply, but are less likely to see immigration as a substitute for inter-provincial mobility or as an issue that is secondary to immigration policy.

The sector in which industry leaders are primarily engaged also influences the importance they attach to mobility. Industry leaders in the residential sector are more likely to employ workers who lack...
certifications and are part of the local labour pool. For these industry leaders, immigration and attracting young workers into construction, rather than inter-provincial mobility, are higher priorities for addressing supply challenges. In the GTA, the residential construction industry has worked with the federal government to develop a temporary immigration program to meet the industry’s labour supply requirements. In contrast with the residential sector, employers in non-residential construction are more reliant on certified tradespersons and therefore attach much greater importance to inter-provincial mobility to meet their peak requirements for skilled labour.

Certain trades are also more involved in inter-provincial mobility. Boilermakers, for example are a highly mobile trade. Indeed, in the unionized sector, boilermakers work under a national agreement. The electrical and mechanical trades are also seen by industry leaders as more mobile and therefore more reliant on inter-provincial recognition of qualifications.

Importance of Temporary Mobility:

Industry leaders attached particular importance to the role of inter-provincial mobility in meeting supply needs during temporary peaks in demand. Too often, young workers have been recruited into apprenticeships to meet peak demands for labour only to have their training interrupted by the subsequent and inevitable downturn in demand. It is neither economically nor socially desirable to tie up training resources to meet temporary peaks in demand. Temporary mobility is also seen by many industry leaders as preferable to temporary immigration, although the latter was endorsed by many employer organizations as a potential component of an overall supply strategy.

Among construction union leaders, temporary immigration is viewed sceptically and is seen as a ‘last resort’. Most union leaders reported that temporary inter-regional mobility was an important local pattern that has been facilitated by the adoption of ‘travel cards’ permitting union members to access work out of their home local or province. The importance assigned to temporary inter-provincial mobility contrasts with the emphasis on long-term re-location that is more common in policy discussions.
It was noted by several persons interviewed that EI is fully portable and that there are no administrative deterrents to mobility in the EI system. It was also noted that a study of EI claimants showed regional mobility rates of 5-10%, depending on the population size of the claimant’s location.18 From a structural perspective, the regional character of the EI benefit structure – which links both eligibility and benefit duration to the regional unemployment rate – was criticized by the Howe Research Institute as discouraging permanent re-location and possibly also temporary re-location.

Dealing with Cost Factors:
Given the emphasis that industry leaders put on temporary mobility, it is not surprising that they should also focus on cost factors that discourage mobility. The financial benefits of temporary mobility must offset both the personal disruption to family life and the cost of travelling to another region and maintaining a second residence while working there.

The financial benefits of temporary relocation are more than just the wages from regular employment. The opportunity to earn overtime and other allowances is also important. Information on these additional income opportunities is usually obtained informally.

The principal financial cost of temporary relocation is the initial travel expense, return travel to visit family, the cost of short-term accommodation, and the cost of meals. For workers who are paid direct wages (as opposed to ‘independent operators’ or are sub-contractors), these temporary re-location costs are not tax deductible. On an after-tax basis, additional living costs can represent 25-35% of earnings, depending on the availability of overtime and other allowances. Industry leaders believe that these additional and unavoidable living costs have a significant negative impact on the willingness of many workers to take out-of-province employment. This not only leaves some regions facing skill shortages, but also adds to the costs of income support under the EI system.

Industry leaders believe that providing support for temporary mobility through the tax system or other channels would

have a net positive impact on government expenditures. They believe that the additional tax revenues and the avoided EI payments would more than offset the cost of providing additional tax deductions. Some industry leaders also point to the inherent unfairness in allowing ‘independent operators’ (who are often associated with significant under-reporting of income) to deduct additional living and travel costs, while denying regularly employed construction workers access to those same deductions, even though all of their income is both reported and subject to tax deductions at source.

**Portability of Qualifications:**

Industry leaders expressed strong support for the Red Seal system. One industry leader described the Red Seal as “the only support given to mobility by governments.” However, industry leaders pointed to significant gaps in the Red Seal system. Some construction trades are not currently eligible for Red Seal endorsement. For example, most types of heavy equipment operators, gas fitters, and sheeters and deckers are not currently covered by the Red Seal system.

In the residential sector, the Red Seal has had less impact, at least in trades that are not compulsory. Compared to the ICI sector, a greater proportion of the construction workforce in the residential sector (outside of Quebec) lacks formal trade certifications. It was suggested by some industry leaders that there is a need for certifying skill-sets, such as framing or residential formwork or for recognizing specific residential construction trades.

A key issue for many industry leaders is the slow progress on agreeing to a common core curriculum for Red Seal trades and a common sequencing for training. The absence of a common core and common sequencing means that many apprentices are refused credit by one province for training obtained in another province. Many industry leaders expressed frustration that while the provinces have jurisdiction over apprenticeship and trade qualifications, they often lack an incentive to agree to measures that would increase the portability of training and qualifications.

The Red Seal system is only effective when workers obtain the endorsement. While most construction trades are Red Seal eligible, it was noted that in many provinces, there are trades in which the majority of tradespersons do not apply for a Red Seal endorsement. This is often in situations where a separate examination is required. Separate
examinations are common when the provincial standards for a trade diverge from the Inter-Provincial Standard.

In Quebec, all trades are compulsory. Even workers in occupations not classed as trades, e.g., labourers, must complete basic health and safety and construction training prior to being registered as qualified for construction employment. Outside of Quebec, significantly fewer trades are compulsory. In many provinces, it is common for workers to be employed in voluntary trades without a trade certification. This practice is especially widespread in the non-union side of construction and in low-rise residential construction. These workers are entirely outside both the formal trade qualification system and, by implication, the Red Seal system. For mobility between Quebec and other provinces, this creates an asymmetry. Quebec workers must all be registered and hold a trade certification (except in the few Quebec occupations not classed as trades). Where trades are voluntary in other provinces, Quebec workers encounter few, if any, barriers to the portability of their qualifications. The converse, however, does not apply to workers from other provinces who have no trade certification and who seek employment in Quebec.

While Quebec participates in the Red Seal program, there is a marked preference in most trades for the provincial qualification and for portability, where required, to be achieved through ad hoc mutual recognition agreements on a province-to-province basis.

Industry leaders in some trades also pointed to the importance of provincial licensing requirements for certain specialized areas of construction, such as pressure welding, heavy equipment operation, and oil and gas work. These licensing requirements can be confusing, owing to the use of distinct terminology and different classifications. For these types of specialized skills, portability of qualifications is achieved by ad hoc agreements between provinces or administrative practice. For these specialized skills, the absence of inter-provincial standards also impedes human resource planning, since there is not consistent, national data on the number of trained persons.

Welding is an interesting exception to industry concerns over skill certification and portability. With the exception of pressure vessel welding, there are nationally recognized industry standards for welding. Portability of Canada Welding Bureau ‘tickets’ is generally considered acceptable in the industry.
Industry leaders also noted the growth of disparate occupational health and safety qualifications across provinces. Training requirements often arise in response to particular health and safety incidents. While these training requirements are seen as contributing to better health and safety performance, there is a greater need for portability of training, especially for ordinary workers (i.e., workers who are not playing any statutory role in inspection, monitoring or representation.)

Some Quebec industry leaders pointed to perceived barriers to mobility arising from differences in the industrial relations system in Quebec, as compared with other jurisdictions. Construction workers in Quebec may elect membership in union organizations that have no counterparts in the rest of Canada. Indeed, the majority of construction workers in Quebec are not represented by affiliates of the AFL-CIO Building and Construction Trades Department. Except in special circumstances, these workers generally do not have access to work that is governed by collective agreements in other provinces that bind employers to affiliates of the AFL-CIO Building and Construction Trades Department. In these circumstances, portability of skill qualifications is irrelevant, since membership in an International Union (and a duly issued ‘travel card’) is required to access the work.

**Labour Market Information:**

Industry leaders generally did not see a deficit of labour market information as significant barrier to mobility, though they noted areas where the availability of information could be improved. While there is some familiarity with the Canada Jobs Bank, this is not relied on by either workers or employers in the construction industry. In part, this appears to be related to the temporary nature of many construction jobs and a belief that public listing of vacancies is more appropriate for long-term jobs. Nevertheless, there was some interest expressed in more efficient supply of information on employment needs.

In the unionized sector, industry leaders expressed very positive views of the union travel card system. The travel card system is chiefly relevant to ICI and major civil projects, though it is not inherently restricted to this type of work.

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“We need a centralized databank of jobs.”

Richard Lyall
President
Rescon

“There is also the situation where the buyer of construction (client) will require a certain safety ticket to work on a certain project, but this ticket is not offered in the Province of the workers residence.”

Jay Corder
Assistant Executive Director
Pipeline Contractors Association of Canada

“In the age of information and on-line resources, construction workers are now more equipped than ever to research where their services are in demand.”

Michael Collins-Williams
Manager of Government Relations
Ontario Home Builders Association

“We’d be lost without travel cards. They are very effective.”

Paul Walzack
Alberta Building and
Construction Trades Council

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Construction unions play a central role in supplying labour through a dispatch and referral system. Union agreements differ on the degree to which employers must meet their needs through referral, as opposed to ‘name hire’ or direct recruitment. In general, for larger projects, unions are the major source of supply for skilled labour employed by contractors who are bound to the building trade unions. When a local union expects that it will be unable to meet demand, they contact locals in adjoining regions and then more remote regions. The view of leaders in the building trades unions is that this system has proven to be sufficient and that there is no need for employers to seek labour supply through temporary immigration. Employer representatives, in some instances, are less certain of the ability of unions to meet labour supply needs and, therefore, more open to the use of temporary immigration.

“The union travel card network performs better than anticipated.”

Neil Tidsbury
President
CLRA Alberta
4. Cost Factors

Economic factors are central to a workers’ decision to relocate on either a permanent or temporary basis. Various considerations, such as family attachments, may discourage relocation. However, these considerations are always weighed against the economic advantages that are expected. Policies which operate on this cost-benefit calculus have the greatest impact on mobility patterns.

Permanent Relocations:

For workers contemplating a permanent re-location, the principal financial costs are those associated with a permanent change in residence. Some employers subsidize permanent re-location costs, though this is not common in the construction trades. Under the Income Tax Act, there are comparatively generous provisions for deducting moving expenses against earnings in the new location during the year of the move and the year following. Where moving costs are subsidized, costs above the subsidy are deductible.

Eligible moving expenses include:19
- travel costs, such as reasonable amounts for meals and accommodation to move an individual and members of his or her household;
- storage costs for household effects;
- costs for up to 15 days of temporary board and lodging near either residence;
- the cost of cancelling a lease or selling the old residence as a result of the move;
- legal fees; and
- transfer taxes or taxes upon registration of title to the new residence only if a former residence has been sold.

Additional expenses with respect to maintaining a vacant former residence, such as mortgage interest, property taxes, insurance premiums, maintenance of heat, power and utility connections, along with certain personal costs to revise legal documents to reflect the new address, are also deductible. There is a limit of $5,000 deductibility for the costs of maintaining a vacant former residence.

Though generally not relevant to construction trades, limited tax-free compensation is available where employers reimburse employees to cover a loss in the value of their former home. Compensation of up to $15,000 for an eligible housing loss is tax-free. If the compensation exceeds $15,000, half that excess is taxable.

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19 A discussion of deductibility rules can be found on the web site of the Certified General Accountants: http://www.cga-ontario.org/contentfiles/publications_promotions/ptp/tip93.gif
These deductions substantially reduce the net cost of permanent relocation. The value of these deductions is determined by the taxpayer’s income tax bracket. For most construction trades, the value of the tax deductions would range from 20% to 35% of actual moving costs.

Under previous labour adjustment programs, the federal government provided one-time grants for permanent relocation. These have since been phased out. Relocation benefits are now delivered through the income tax system.²⁰

Workers contemplating a permanent relocation estimate their moving costs (net of tax deductibility) and compare these costs with their increased earning potential and, where relevant, the increased earning potential of their spouse or other family members. Higher (or lower) living costs in the area to which a worker will be relocating are also considered, especially rent or housing costs. For construction workers, a long-term assessment of increased earning potential must take account of the cyclical nature of the industry. Our interviews suggest that the ‘boom-bust’ nature of many types of construction work may make construction workers more cautious about investing in permanent relocation than workers in other occupations where employment is less volatile. To the degree that this is true, it makes the policy environment for temporary relocation all the more important. Indeed, for many construction workers, temporary relocation may be the prelude to permanent relocation. In this respect, policy regimes which favour permanent relocation, but disfavour temporary relocation, may be inappropriate for the construction industry.

Temporary Relocation:

The policy environment affects the temporary relocation patterns chiefly through the operation of the income tax system. There are two issues. The first is the degree to which employer-paid meal, travel and accommodation benefits are taxed as income. The second, is the degree to which employee-paid meal, travel and accommodation expenses are deductible against income.

Employer-paid benefits for temporary relocation:²¹

In general, employer-paid benefits for moving and relocating an employee from one place of business to another are not treated as taxable income to the employee, regardless of whether the relocation is temporary or permanent. However, most construction companies would not be entitled to provide this tax-free assistance, since they usually do not operate in the originating location, especially if that is an out-of-province location.

²⁰The history of relocation grants and loans is described in Kerton, R.R. 1972. “Active Manpower Programs in Canada; A Review Conducted for the Prices and Incomes Commission”. Department of Economics, University of Waterloo (Waterloo)

²¹The relevant Canada Revenue Agency Interpretation Bulletins are:
   IT 522R: Vehicle, Travel and Sales Expenses of Employees
   IT 470R: Employees Fringe Benefits
   IT 91R4: Employment at Special Work Sites or Remote Work Locations
   IT-178R3: Moving Expenses
IT-178R3 is relevant equally to temporary and permanent relocation.
Employer-paid stipends or subsidies such as meal, travel, and accommodation allowances are generally classed as taxable income to the employee. Where meals and accommodation are directly provided, they must be added to an employee’s income at their ‘fair market value’. The exception to this principle is allowances that are paid to workers at a ‘special work site’ or a ‘remote location’. A work site is considered a ‘remote location’ if it is 80 kilometres or more from the nearest established community with a population of at least 1,000 persons. An ‘established community’ is one where ordinary food, clothing and other day-to-day merchandise can be purchased and where there is access to housing, basic medical help, and an elementary school. A ‘special work site’ is one to which an employee is temporarily assigned. To be eligible to receive board and lodging benefits on a tax-free basis, an employee must maintain a self-contained residence at another location to which he or she would otherwise have access. Also, the work assignment must be temporary (i.e., for a specified period of time.) Employee-paid transportation costs to and from the work site are deductible if (and only if) the employee also received non-taxable board and lodging benefits.

While the tax-free provisions cover employer-paid benefits on some construction sites, they do not apply in the majority of instances. Many of the major energy-related projects are outside the scope of tax-free provisions for some or all of their construction period.

The taxation of employer-paid meal, accommodation, and travel benefits reduces their value to employees. This, in turn, puts pressure on employers to increase the pre-tax value of these benefits. Ultimately these higher employer costs are reflected in total construction costs. In turn, total construction costs are reflected in the subsequent pricing of services from the construction products. The government has been disinclined to broaden significantly the scope of tax-free benefits from remote or special work sites, lest doing so open the door to unwarranted tax avoidance by skewing workers’ remuneration to non-taxable benefits. As a general principle, the government’s preference has been to treat employer-paid meal, accommodation, and travel benefits as income, but to allow workers to deduct board, lodging, and travel expenses in certain circumstances. For example, as will be discussed below, workers in prescribed northern zones are eligible for special deductions in respect of board, lodging, and travel expenses.

**Deductibility of Temporary Relocation Expenses by Employees:**

As a general principle, employees are not entitled to deduct lodging, accommodation, and travel expenses incurred by them in pursuit of employment. Thus, a construction worker in Atlantic Canada is not entitled to deduct the costs of travelling to Alberta or Ontario in pursuit of employment, nor to deduct his or her accommodation costs, even when those costs are in addition to maintaining a permanent residence in his or her home province. The exception to this is working in a prescribed northern zone.

In ‘prescribed northern zones’ there is a deduction of up to $15 for each day (i.e., approximately $450 per month or $5,475 per year) for board and lodging costs. For ‘intermediate zones’, the deduction is at half this rate. Travel expenses (with lowest cost air fare as the ceiling) are deductible up to 100% in prescribed northern zones and 50% in intermediate zones. These deductions apply regardless of
whether there are employer-paid benefits for board, lodging and travel. (Such benefits, if received, must be reported as income.)

Employees in the construction industry enjoy some deductibility rights if their employer regularly assigns them to work in locations that require travel away from the employer’s home base and does not recompense them for this travel. While this deduction provides some relief to locally-based workers who may be required to travel, it provides no relief to out-of-region workers who are travelling in pursuit of employment opportunities.

The deductions permitted for moving expenses are generally not relevant to temporary relocations, since furnishings, etc. are not being relocated and no expenses are being incurred to exit a lease or sell an existing home.

The treatment of employees in the construction industry contrasts with the treatment of ‘independent operators’, i.e., workers who are engaged on a sub-contract basis. Independent operators are entitled to deduct all reasonable expenses incurred in the pursuit and undertaking of work. In principle, there is no ceiling on this deductibility as long as the expenses meet the test of reasonableness.

Similarly, employees in the transportation industry who must travel away from the ‘home terminal’ where they normally report for work are entitled to deduct those expenses for which they have not been reimbursed, subject to the requirement of reasonableness. These expenses include chiefly meals and accommodation. The Canada Revenue Agency Technical Interpretation Bulletin set out the policy rationale for allowing expense deductibility to transport industry employees as follows:

“... the nature of the work often involves substantial trips away from the area where such employees live and report for work. Such trips impose a burden of expense for meals and lodging not borne by the ordinary worker who can sleep and eat, at least most of the time, at home... The cost to a transport worker of meals and lodging necessitated by travel in the course of his duties is much more directly related to the income earning process.”

In large measure the policy rationale that has been applied to employees in the transport industry is applicable, as well, to many employees in the construction industry. The construction industry is inherently cyclical and regions differ in where they stand in relation to that cycle. In the normal course of events, some regions will experience high unemployment in construction occupations, while other regions will be experiencing buoyant demand and, in many instances, skilled labour shortages. In this respect, construction is quite different from most other industries which are often not as cyclical and are where regional variations are less pronounced. Consequently, it should be regarded as normal, rather

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22 Canada Revenue Agency, No. 73-21R8: Claims for Meals and Lodging Expenses of Transport Employees

than exceptional, for some fraction of construction workers to pursue employment opportunities out of their region or province.

**Policies in Other Jurisdictions:**

**United States:**

Unlike Canada, the U.S. Revenue Code permits employees to deduct travel, meals, and accommodation expenses arising from 'temporary' work that requires their relocation away from their regular home. In general, spending more than one year in a location makes that location a ‘regular home’ for tax purposes. ‘Temporary’ work is generally interpreted as an assignment in a single location that is realistically expected to last (and, in fact does last) for not longer than one year. ‘Temporary’ work is contrasted with indefinite work. Expenses arising from indefinite work assignments are not eligible for tax deductibility. A series of short-term (i.e., ‘temporary’) assignments in the same location can lead to the employment being regarded as indefinite, rather than ‘temporary.’

The Internal Revenue Service offers an example of eligible circumstances, based on construction employment:

“You are a construction worker. You live and regularly work in Los Angeles. You are a member of a trade union in Los Angeles that helps you get work in the Los Angeles area. Because of a shortage of work, you took a job on a construction project in Fresno. The job was scheduled to end in 8 months. The job actually lasted for 10 months. The job actually did last less than one year. The job is temporary and your tax home is still Los Angeles.”

If the above example were transported from the U.S. to Canada, and in place of Los Angeles and Fresno, the cities were Winnipeg and Edmonton, no expense deductibility would be allowed. The U.S. Revenue Code is far more accommodating to the distinct characteristics of the construction industry.

**United Kingdom:**

The U.K does not allow deductibility for travel, meals and accommodation expenses incurred in the pursuit of employment. Self-employed contactors, however, can deduct reasonable expenses. Once

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24 U.S. Revenue Code, sec. 162. These provisions are discussed in detail in U.S. Department of the Treasury, Internal Revenue Service, *Publication No. 463: Travel, Entertainment, Gift and Car Expenses* (cat. no. 11081L)

25 *ibid.* p 4

employed, a worker may deduct travel expenses, but only if the assignment is less than 24 months and *not* for a fixed term. In other words, travel expenses arising from an assignment for a pre-specified term of six months would not be eligible for deductibility.

**Australia:**

Australia’s treatment of construction workers is similar to Canada’s. Self-employed construction workers would be classed as ‘itinerant workers’ and would be able to deduct most travel related expenses from their employment earnings. Certain tax concessions are available to construction workers or who are employees if they are working in designated remote areas or required by their employer to work away from home. These concessions apply mainly to the provision of in-kind benefits.

Through ‘salary packaging’ an individual can forego a portion of their wage income and have their employer pick up their relocation costs. These employer-paid relocation costs are not taxable. Consequently, the individual is in a better after-tax position by virtue of ‘salary packaging’. However, there are limits on the type and magnitude of relocation costs that an employer can provide without rendering those benefits taxable. ‘Salary packaging’ potentially assists some construction workers by rendering a portion of their initial temporary relocation costs equivalent to tax deductible, though in a round about way.

In the construction industry, cost factors are fundamental to determining the prevalence of temporary inter-regional and inter-provincial mobility. At present there is a glaring asymmetry in the tax system. Self-employed workers have unlimited ability to deduct travel and accommodation costs incurred in the pursuit of gainful employment, even when those accommodation costs are for a secondary and temporary residence. By contrast, conventionally employed workers have no such ability, except when their employment is covered by specific provisions for working in designated remote areas.

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27 Australia, *Income Tax Assessment Act, 1997*  
The discussion in this section is also informed by professional advice provided by Pitcher Partners of Melbourne, Australia.
5. Portability of Qualifications

Introduction:

Both the efficiency of the construction labour market and the productivity of the construction industry are enhanced by skill certification. The economic advantages of certification can be summarized as follows:\textsuperscript{28}

1. certification improves quality and performance by establishing a higher standard of training and occupational competence than would prevail in the absence of certification;
2. certification provides a costless ‘signal’ to employers of a worker’s occupational competence and thereby reduces (though does not eliminate) employers’ screening costs;
3. certification enhances public safety by requiring work to be carried out in accordance with appropriate standards;
4. certification contributes to worker safety by setting minimum proficiency standards for the operation of hazardous equipment and requiring workers to be trained to work in accordance with appropriate safety procedures;
5. certification encourages investment in skills by ensuring that the return to that investment will not be eroded by low-quality substitutes;
6. by reducing the search time for re-employment and generally improving overall employability, certification improves the efficiency of the labour market and reduces the social cost of income support programs.

The benefits of skill certification, however, are diminished when certifications issued in one jurisdiction do not meet the regulatory requirements of another jurisdiction.

In the construction industry, skill certification plays a more important role than in most other sectors. There are two reasons for the importance of skill certification in construction. Many construction workers are employed by a contractor for a comparatively brief period of time.\textsuperscript{29} Skill certification plays an important role in reducing employers’ screening costs and facilitating their hiring decisions.

\textsuperscript{28} This discussion draws on Kleiner, Morris M., 2006. Licensing Occupations: Ensuring Quality or Restricting Competition?, Upjohn Institute.

\textsuperscript{29} Statistics Canada data indicate that approximately 20% of construction jobs are temporary (meaning that they have a pre-determined termination) compared to just over 6% of manufacturing jobs. Statistics Canada, Labour Force Historical Review, 2005, cat. no. 71F0004XCB
As well, all jurisdictions require certification for at least some trades and specialized functions in the construction industry. Many jurisdictions also require certification in health and safety training. These circumstances contrast with conditions in most other sectors. In other sectors, certifications are usually not mandatory – the health sector being the major exception. As well, the greater permanency of employment in most non-construction industries justifies a higher investment by employers in more rigorous screening procedures, including competency testing and probation periods.

Occupational regulation in the construction industry derives from three sources:

1. trades and apprenticeship legislation,
2. occupational health and safety legislation which, through regulation, frequently sets minimum requirements for operating particular types of equipment or for working on construction sites,
3. legislation which regulates various commercial activities, such as the storage and transmission of fuels, the operation and maintenance of pressure vessels, the operation and maintenance of lifting devices, etc.

In all cases, the power to regulate in these fields is conferred on the provinces by section 92(13) of the Constitution Act, 1867 (formerly the British North America Act).30

Three distinct trends can be observed:

First, an increasing number of trades have been made fully portable (or nearly so) by being brought under the rubric of the Red Seal program. As will be discussed below, the Red Seal program ensures mutual recognition of trade certifications,

Second, in an effort to strengthen their apprenticeship system, some jurisdictions have created new trades in the construction industry which are outside the Red Seal system, and

Third, the number of certifications and specialized licenses outside the ambit of trades and apprenticeship legislation has increased. There has been progress towards portability for these skill certifications.

The impact of these trends differs by trade and by segment of the construction industry. Heavy equipment operators and pressure vessel welders are among the most adversely affected by incompatible provincial licensing and certification requirements.

*Trade Certification and the Red Seal System:*

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30Sec. 92(13) confers on the provinces the exclusive power to make laws respecting 'property and civil rights'. This authority is taken to include labour standards and occupational regulation.
Ontario’s Apprenticeship Act of 1928 was the first legislation in Canada to provide for the designation of trades based on provincially mandated standards. Compulsory certification was introduced in 1945, initially for the motor-vehicle-repair trade, and subsequently for certain other trades. Subsequent to Ontario’s adoption of its Apprenticeship Act, other provinces similarly enacted legislation providing for the regulation of apprenticeship and the certification of trades. While the legislative model was broadly similar across jurisdictions, there was no conscious effort to standardize trade titles, trade standards, or apprenticeship periods. As one study noted: “each province [drew] up its own legislation, in many cases with little or no reference to procedures in neighbouring provinces, and this provincialism [produced] separate and often different systems of training and certification.” Federal support for apprenticeship training increased significantly during WWII. The rapid and uncoordinated growth of the apprenticeship system led to concerns, especially on the part of unions and employers, that the portability of trade qualifications was being impeded by differences in provincial standards. These (and other) concerns led to the first National Conference on Apprenticeship in Trades and Industry in 1952. The conference supported the concept of an Inter-Provincial Standard (IPS) or ‘Red Seal’ endorsement which would ensure the recognition of trade certifications across provinces.

Following the 1952 conference, the federal government initiated the development of the National Occupational Analysis (NOA) system. The purpose of an NOA is to rigorously document the training and competency standards of a trade across jurisdictions. The NOA provides the analytical basis for establishing a minimum inter-provincial standard for a trade.

The standard setting process under the Red Seal system has a ‘levelling up’ bias. Provinces with higher standards are disinclined to accord mutual recognition to certifications issued by jurisdictions with lower standards. Hence, the bias of the Red Seal system is to replicate the highest provincial standards, rather than the lowest. Historically, applicants for a Red Seal endorsement were required to pass an additional competency examination. Consequently, for all trades in the construction industry, it is possible to hold a trade certification without a Red Seal endorsement. Indeed, this is common, though not predominant, in most construction trades.

The process of developing NOAs and negotiating an IPS was incremental. By the early 1960’s, only 12 trades were eligible for Red Seal endorsement. Between 1964 and 1968, owing to changes in the federal-provincial policy environment, the Red Seal program was dormant. The 12 trades recognized under the program were still eligible for Red Seal endorsement, but no further work was undertaken to

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31 Initially the Ontario scheme – known at ‘the Piggott Plan’ – was financed by a levy on employers. The levy was abandoned in 1932, in response to Depression conditions. Thereafter, the province assumed the full cost of administering the apprenticeship system.


33 In recent years, the separate Inter-Provincial Standards (IPS) examination has been replaced in many provinces with the requirement of a higher grade on the qualifying examination. In some trades, there are provinces that maintain only a single standard, namely the IPS.
expand the scope of coverage to other trades. In 1968, the Inter-Provincial Standards Committee was established and the Red Seal Program was re-invigorated.\textsuperscript{34}

Statistics Canada’s Registered Apprenticeship Information System (RAIS) identifies approximately 64 construction or construction-related trades. Of these, several trades are dormant or effectively dormant, in that they have had either no registrants in the past decade or only a handful. Twenty-four construction trades are eligible for Red Seal endorsement. \textit{In 2003, there were over 10,000 trade certifications issued in construction or construction-related trades. Of these, 94\% were either Red Seal endorsed or in trades which were at least eligible for Red Seal endorsement.}

Figure No. 2 lists the designated Red Seal trades that are relevant to the construction industry and indicates which provinces regulate that trade and provide a Red Seal endorsement.

\textbf{Figure No. 2}

\textbf{Construction and Construction-Related Trades with Inter-Provincial Standards Coverage by Province and Territory}

<table>
<thead>
<tr>
<th>Trade</th>
<th>NL</th>
<th>NS</th>
<th>PE</th>
<th>NB</th>
<th>QC</th>
<th>ON</th>
<th>MB</th>
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<th>BC</th>
<th>NT</th>
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<td>Boilermaker</td>
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<td>Welder</td>
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\textsuperscript{34} The political disputes between the federal government and the provinces and between the ‘economics’ perspective on training and the ‘educationalist’ perspective are described in Dupre, J. Stefan, Cameron, David M., McKechnie, Graeme H., and Rotenberg, Theodore. 1973. \textit{Federalism and Policy Development: the case of adult occupational training in Ontario}, University of Toronto Press.
The principal construction trades which, at present, are not eligible for Red Seal endorsement are:

- labourers,
- most types of heavy equipment operators
- plasterers,
- sheeters and cladders,
- drywall finishers,
- gas fitters,
- pipeline maintenance mechanics,
- re-bar installers,
- construction millwrights (although ‘industrial mechanic/millwright’ is Red Seal eligible),
- elevator mechanics.

In the case of gas fitters, elevator mechanics, and some types of heavy equipment operators, other provincial safety legislation supersedes trade certification. Procedures that approximate mutual recognition are in place for some of these trades.

Figure No. 3 shows that over the past decade, somewhat more than 50% of construction trade certifications were Red Seal endorsed. *In recent years, the Red Seal share has been between 57% and 63%.*

The Red Seal system has made a significant contribution to skill portability in Canada. Although the Red Seal system does not cover all trades in the construction industry, coverage is reasonably complete. Additional resources should be committed to developing NOA for those trades not currently eligible for
Red Seal endorsement. More importantly, provinces should be encouraged by the construction industry to move towards a single examination and a single IPS certification. The introduction of the Inter-Provincial Computerized Examination Management System (ICEMS) has facilitated the standardization of trade examinations through an agreed upon ‘question bank’. In the unionized sector of the construction industry, where it is practical, consideration should be given to adopting the Red Seal as the normal standard for journeyperson certification.

For apprentices, there are particular impediments to mobility that pertain to the management of apprenticeship training rather than to the certification of competence. Differences in the curriculum for in-school training and differences in the sequencing of curriculum impose unnecessary impediments to mobility. An apprentice who moves from one province to another may have to repeat a period of in-school training owing to differences in the sequencing of curriculum or differences in curriculum content. A common style of logging on-the-job experience and similar standards for on-the-job experience would also assist apprentices in ensuring that hours worked in one jurisdiction are credited by another jurisdiction.

Priorities for Strengthening the Red Seal System in the Construction Industry

1. Extend NOA coverage to the remaining construction trades for which there is no NOA.
2. Pursue common core curriculum and common sequencing for Red Seal trades.
3. Pursue common standards for on-the-job experience and for logging this experience.
4. Within the unionized sector, consider making the IPS the normal standard for apprentices as they complete their apprenticeship and qualify for trade certification.
5. Consider promoting a single rather than dual standard Red Seal trades, such that all persons obtaining trade certifications also obtain a Red Seal endorsement.

Licenses for Specialized Skills

Provinces vary on the types of specialized skills for which they require licenses and the manner in which they define categories of licenses for those skills. The most common types of specialized skills that require specific licenses are:

- Boiler and Pressure Vessel Welding or Brazing: each province has legislation governing inspection and maintenance of boilers and pressure vessels and regulations which specify the licences that are required to work on boilers and pressure vessels. Most jurisdictions require both companies and individuals to be licensed. Licences issued by other jurisdictions typically do not enjoy mutual
recognition. In some provinces, individuals must be re-qualified if they change employers. Licenses are subject to regular renewal.

- Elevating Devices: each province has legislation governing the inspection and maintenance of elevating devices and regulations which establish various mandatory licences for elevator mechanics. These licences are typically linked to the required training and work experience in the regulated trade (which is established under trade legislation). Licences issued by other jurisdictions do not enjoy mutual recognition. Out-of-province elevator mechanics may apply to have their training and work experience evaluated for purposes of being licensed in another province. Out-of-province mechanics are often subject to re-testing.

- Fuel Technicians and related Equipment Mechanics: each province has legislation governing the storage, transportation, and handling of fossil fuels and the systems and equipment related to fossil fuels. Various licences are required for fuel technicians and fuel equipment mechanics. In some trades, it is common for members to obtain these licences in addition to their trade qualification. Out-of-province licences and certifications are not accorded mutual recognition. Out-of-province applicants for licences may apply to have their training and work experience evaluated for purposes of being licensed in another province. Out-of-province applicants for a licence are often subject to re-testing.

- Hoisting Equipment Operator Licenses\(^35\): In some provinces, the operation of hoisting equipment is apprenticeable. All jurisdictions, however, have safety regulations pertaining to the operation of hoisting equipment. In most jurisdictions, these regulations specify that operators must be trained in the safe operation of hoisting equipment. Certification standards for operators differ across jurisdictions. There has been no concerted effort to adopt either common categories of equipment for certifying competence or common standards. Some provinces, however, such as Saskatchewan and Alberta, have adopted mutual recognition protocols.

- Heavy Equipment Operator Licenses\(^36\): There are various types of heavy equipment, including excavation equipment, level grade earth moving equipment, loading equipment, and equipment used

\(^{35}\) The usual categories of hoisting equipment operator licenses are:
  - mobile crane operators (lattice booms, hydraulic booms),
  - boom truck operators (often set at different weight categories), and
  - tower crane operators.

\(^{36}\) There is no standard terminology for identifying heavy equipment. The most common types of operators are:
  - Scaper Operators
  - Dozer Operators
  - Loader Operators
  - Grader Operators
  - Gradall Operators
  - Excavator Operators
  - Tractor Loader / Backhoe Operators
  - Compactor Operators
  - Skid Steer Operators
  - Directional Drill Operators
  - Paver/Screed Operators
  - Concrete Pump Operators
  - Pipeline Dozer Operators
  - Pipeline Excavator Operators
  - Pipeline Side Boom Operator
  - Fork Lift Operators
in asphalt and concrete construction. Especially in civil construction, manufacturers are developing new equipment technologies and increasing the sophistication of existing equipment technologies. Heavy Equipment Operation is a designated trade in only three provinces – British Columbia, Newfoundland and Ontario. In B.C., the trade is focused on excavating equipment. In Ontario, the trade covers dozers, excavating equipment and tractors/loaders/backhoes. Newfoundland covers a wider range of heavy equipment. Most jurisdictions do not require specific operator licenses, although they impose an obligation on employers to ensure that equipment is operated safely and, by implication, by operators who are appropriately trained. Some types of motorized heavy equipment are subject to motor vehicle licensing requirements, usually where air brakes are involved. There is a reasonable degree of provincial standardization in respect of these requirements.

- Steam Pressure Equipment Operators: under pressure vessel or related legislation, provinces require operator licences for stationary engineers (operating engineers), steam traction operators, and compressor operators. The majority of persons who require these licences are employed in an industrial setting, although some types of construction work may require these licences. The Standardization of Power Engineers Examination Committee (SOPEEC) has adopted a system of mutual recognition that includes all provinces and territories, except Quebec. Thus, a person with, for example, a standardized 3rd class stationary engineer licence in any province except Quebec can apply for a comparable licence in another jurisdiction, without being re-tested. SOPEEC approximates Red Seal portability except that a worker must take out a licence in the province in which they are working. The process of re-licensing can take several weeks, notwithstanding that individuals who were licensed in another province do not need to be re-tested. Persons who hold non-standardized licences may be subject to re-testing and may or may not qualify for a comparable licence in another jurisdiction.

- Canada Welding Bureau (CWB) certifications (or ‘tickets’): welding standards are established by CSA International (formerly the Canadian Standards Association). The CSA’s welding standards are referenced by building codes and other voluntary and compulsory technical specification. The CSA’s welding standards set out both engineering performance requirements of welded materials, proficiency standards for welders, and certification standards for companies that undertake welding. The CWB was originally a division of the Canadian Standards Association (predecessor to CSA International.) In 1991, the CWB was separately incorporated. The CWB is accredited by the federally chartered Standards Council of Canada as a certification body for administering various CSA welding standards, notably, W47.1, W47.2, W186, W178.1 and W48. CWB certification is mandatory for both companies and workers who do welding covered by the CSA standards. In recent years, the CWB has issued around 25,000 certifications annually. CWB certifications must be renewed. CSA standards and CWB certification are recognized across Canada, regardless of jurisdiction.

Figure No. 4 summarizes the key issues with specialized licences:

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Based on Mobility and Accessibility of Operating Engineers, Report prepared for Canadian Operating Engineers Joint Apprenticeship and Training Council by Prism Economics and Analysis (December 2001)

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<table>
<thead>
<tr>
<th>Special Licensing Requirements (other than Trade Qualifications): Summary of Issues</th>
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<tbody>
<tr>
<td><strong>Pressure Welding</strong></td>
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<tr>
<td>• significant differences in provincial licensing standards</td>
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<tr>
<td>• usually a requirement for re-testing</td>
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<tr>
<td>• need to standardize requirements and introduce mutual recognition or at least an unstated right to be licensed in another province</td>
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<tr>
<td><strong>Elevator Mechanics</strong></td>
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<tr>
<td>• some differences in provincial licensing standards</td>
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<tr>
<td>• procedures for evaluating out-of-province qualifications</td>
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<tr>
<td>• usually a requirement for re-testing</td>
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<tr>
<td>• need to standardize requirements and introduce mutual recognition or at least an unstated right to be licensed in another province</td>
</tr>
<tr>
<td><strong>Fuel Technician and Fuel Mechanic Licences</strong></td>
</tr>
<tr>
<td>• some differences in provincial licensing standards</td>
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<tr>
<td>• procedures for evaluating out-of-province qualifications</td>
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<td>• usually a requirement for re-testing</td>
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<tr>
<td>• need to standardize requirements and introduce mutual recognition or at least an unstated right to be licensed in another province</td>
</tr>
<tr>
<td><strong>Hoisting Equipment Licences</strong></td>
</tr>
<tr>
<td>• significant differences in provincial licensing standards</td>
</tr>
<tr>
<td>• requirements, usually founded in occupational health and safety regulations</td>
</tr>
<tr>
<td>• ad hoc mutual recognition agreement between some provinces</td>
</tr>
<tr>
<td>• need to standardize requirements and introduce mutual recognition or at least an unstated right to be licensed in another province</td>
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<tr>
<td><strong>Heavy Equipment Operator Licences</strong></td>
</tr>
<tr>
<td>• in general, licenses are not required, except under highway or motor vehicle legislation where a high degree of standardization operates</td>
</tr>
<tr>
<td>• occupational health and safety regulations may require completion of training for some types of equipment</td>
</tr>
<tr>
<td>• ad hoc mutual recognition agreement between some provinces</td>
</tr>
<tr>
<td><strong>Steam Pressure Equipment Operators (Stationary Engineers)</strong></td>
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<tr>
<td>• mutual recognition under SOPEEC (Quebec not a signatory)</td>
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<tr>
<td>• a provincial licence is still required, though re-testing is considered</td>
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</table>
In general, regulatory barriers are not a significant impediment for stationary engineers or welders (excluding pressure welders). Industry-recognized standards for heavy equipment operators would contribute to mobility, but it cannot be said that regulatory barriers are a major impediment to mobility or to the development of such industry-based standards. Regulatory barriers are a moderate, though not a serious problem for fuel technicians and elevator mechanics. However, regulatory differences are a serious issue for hoisting equipment operators, and pressure welders.

### Priorities for Dealing with Asymmetries in Specialized Licensing Requirements in the Construction Industry

1. Address provincial differences in pressure welding and develop appropriate national standards.
2. Address provincial differences in hoisting equipment operation licenses and develop appropriate national standards.
3. Pursue more advanced mutual recognition (involving at least untested issuance of provincial licenses to persons qualified in another province) for elevator mechanics and fuel technicians.
4. Pursue national, industry-based standards for heavy equipment operators.

### Certificates of Completion for Health and Safety Training

Occupational safety in the construction industry rests on two pillars. The first is regulations that are specific to the construction industry pursuant to each province’s occupational health and safety legislation. The second is the safety training that is provided either by, or under the aegis of, a provincial construction safety association. The safety associations are financed under the workers compensation system. In many instances, construction safety associations both design and deliver training. It is also common practice for smaller safety associations to designate third-party training deliverers. Training may be voluntary or mandatory. Where training is mandatory, the required courses may differ by trade or by the nature of the construction work site. Most associations offer both traditional instructor-led courses and e-learning products. Some types of health and safety training are linked to CSA International (formerly Canadian Standards Association) standards.

Occupational health and safety legislation usually requires that construction workplaces have health and safety committees or health and safety representatives. A prescribed course of training is often mandatory for committee members (or representatives).

It is also common for certification of construction employers to be encouraged or required. Certification requires a company to have staff who have completed specified courses. In Quebec, such
certification is mandatory. In Alberta, the ‘Certificate of Recognition’ (COR) is voluntary, but is a required pre-qualification for tendering on many types of construction work, especially government-funded projects. Similar COR programs are operated in B.C., Manitoba, Saskatchewan, Newfoundland and Labrador, and Nova Scotia. There is a high degree of standardization in these programs. In some jurisdictions, reductions in workers compensation premiums are offered to COR-certified employers. While provincial COR programs have a high degree of commonality, there are differences in courses, especially those pertaining to statutory and regulatory compliance.

In many cases, out-of-province contractors or workers may seek partial or complete exemption from required training by documenting equivalent training in another jurisdiction. The Canadian Federation of Construction Safety Associations collates information on health and safety training across jurisdictions. However, there is no formalized system of mutual recognition comparable to the ‘Red Seal’ system. Mutual recognition agreements between provinces sometimes provide for portability of health and safety certification or establish such portability as an objective to be pursued.

Health and safety performance in the construction industry has improved over the past 10-15 years. Much of this improvement has been attributed to the increased emphasis on standards and on training – both mandatory and voluntary, though other factors, such as increased inspections and enforcement, and workers compensation board policies also may have been important. In general, training courses for workers are of relatively short duration. Requirements to take these courses do not introduce significant barriers to mobility, except potentially in the case of very short-term cross-border employment. Requirements for employer certification, whether statutorily based or encouraged by policy, can introduce impediments to mobility, although provincial COR programs, which are the most common form of employer certification have a high degree of commonality.

Mutual recognition (or evaluation) of training would be facilitated by a nationally accepted ‘passport’ for recording training and a central database describing the subject matter and duration of courses recorded in the ‘passport.’

Priorities for Dealing with Asymmetries in Health and Safety Training Requirements in the Construction Industry

1. Pursue creation of a nationally recognized ‘passport’ for recording completion of health and safety training and an accompanying web-based database listing courses and their content and duration.

2. Where practical, pursue mutual recognition for health and safety training based on analysis of course content and duration.
The Problem of Uncertified Workers in Voluntary Trades:

Systems of mutual recognition, regardless of their efficiency, are of no value when there is a lack of formal trade qualifications in the first place. In these circumstances, the problem is the informality of the construction labour market in some regions, in comparison with a higher degree of occupational regulation in others.

Except in Quebec, the majority of construction trades are voluntary. In many provinces, a large number – sometimes the majority – of incumbents in the voluntary trades are uncertified. Some studies suggest that where trades are voluntary, distinct (and competing) models of work organization emerge based on whether the crew is composed of journeypersons and apprentices or a journeyperson-supervisor and helpers.37 This informal segmentation of the labour force means that, in voluntary trades, workers who are certified tend to work for certain types of employers and in higher value segments of the construction industry (such as larger ICI, civil and power projects), whereas workers who have no formal certification tend to work for other types of employers and often in different segments of the industry (such smaller projects, the low-rise residential sector and the renovation sector). These ‘boundaries’ are not rigid. However, they do describe real differences within the construction labour market. Lack of formal trade qualifications impedes mobility within the construction industry and may constrain productivity in some segments of the industry. However, it cannot be said that the lack of formal certifications in voluntary trades is a significant barrier to inter-provincial mobility, except where a trade is voluntary in one jurisdiction, but compulsory in another province.

The Ontario-Quebec agreement on labour mobility in construction may provide an avenue for supporting mobility where a trade is voluntary in one province, but compulsory in another. the Ontario-Quebec Agreement provides for the creation of ‘Trade Activity Cards’ (TAC). TACs provide a procedure by which uncertified workers in trades that are voluntary in Ontario can have their skills appraised and documented in Ontario and be deemed qualified to perform the same work in Quebec. If this system proves workable, it may have relevance to other jurisdictions. It should not be forgotten, however, that the problem of workers with experience, but no formal trade qualification, is the result of past decisions which undervalued apprenticeship training and formal trades qualification.

Summary and Conclusions

Impediments to mobility arising from occupational regulations attract frequent criticism and are a source of understandable annoyance. However, criticism of regulatory differences should not obscure the considerable progress that has been made. Some provinces maintain higher requirements than others. This is intrinsic in a federal system. Thus, trades that are voluntary in some jurisdictions are compulsory in others. For example, Sheet Metal Workers are a voluntary trade in the Atlantic provinces and territories, but compulsory elsewhere. Higher requirements can only be characterized as a mobility impediment when commensurate qualifications obtained in another jurisdiction are not accorded recognition. For the majority of construction workers, the Red Seal system provides an

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efficient system of mutual recognition for trade qualifications. Efforts need to be directed to completing coverage of construction occupations by extending the system to the few remaining trades for which Red Seal endorsement is not currently available. The efficiency of the Red Seal system is weakened by the practice in most provinces of permitting workers to obtain a trade certification that is below the Inter-provincial Standard and therefore not eligible for a Red Seal endorsement.
6. Labour Market Information

Labour market information in the construction industry is accessed primarily through informal channels, though the National Job Bank, which is operated by the federal government, does include listings of construction jobs. Medium and long-term labour market information is generated by the Canadian Occupational Projection System (COPS) and by the LMI project of the Construction Sector Council. Medium and long-term labour market information is used more for human resource planning than for meeting current labour supply or employment needs.

**Unionized Sector:**

In the unionized sector, when labour supply needs exceed local capabilities, business managers put out a ‘call’ to neighbouring regions and extend the ‘call’ further, in the event that supply needs can still not be met. The efficiency of the ‘call’ system is enhanced by early notification of labour supply requirements. In some regions, considerable progress has been made in the co-ordinated scheduling of regular plant maintenance work so as to avoid a clustering of demands for skilled labour.

All International building and construction trade unions now have provisions for ‘travel cards’ in their International constitutions and by-laws. ‘Travel cards’ enable unemployed members of one local to work in the geographic jurisdiction of another local of the same union. The constitutions and bye-laws of the Internationals set out the rights of ‘travel card’ holders and ensure travellers of equal treatment in the assignment of employment opportunities. Concurrent with the travel card system, internal administrative arrangements ensure continuity of welfare and benefit contributions and coverage. Our interviews with industry leaders found strong support for the ‘travel card’ system and a general acknowledgement that the system had contributed to mobility and to easing labour supply challenges.

Parallel with the ‘travel card’ system, some building trades unions operate web-based ‘job boards’, although the use of these boards appears to be limited.

It is common in many local unions for the Business Manager to report to the membership on employment conditions in other regions, based on information provided from Business Managers in that region.

**Canada Job Bank:**

The Canada Job Bank is operated by HRSDC and can be accessed through the web. The Job Bank provides standard information on employment opportunities, including a job description, and qualifications needed. Listings vary on the information that they provide on salary and benefits. Job Bank listings generally do not provide information on the extent of overtime or the incidence of other
premium payments. The Job Bank is a no-cost listing service to employers and a no-cost search service to prospective employees.

The Job Bank currently lists approximately 700,000 separate jobs on an annual basis. At any time, the Job Bank has approximately 40,000 listings. By way of comparison, there are approximately 13.5 million paid jobs (excluding self-employed persons). The Job Bank has therefore achieved a fairly significant degree of coverage, though the greater proportion of labour search and job search activity is still conducted outside the Job Bank.

Interviews indicate that the Job Bank does not play a major role in the unionized construction industry, but does play a greater role in the non-union sector. In August 2006, the Job Bank listed over 1,000 construction and construction-related jobs in Alberta. More specific searches generated, for example, 42 listings for electricians and 39 listings for fitters.
7. The Balance Sheet on Mobility

For the construction industry, the policy environment for mobility is decidedly mixed. There has been significant progress in some areas, especially in the portability of certified skills. On the other hand, the policy environment does not adequately take account of the specific needs of the construction industry, especially its needs for the temporary movement of skilled labour from one region to another.

The Credit Side of the Ledger

1. There is growing acceptance of the Red Seal system and near-complete (though not 100%) coverage of construction trades. In recent years 57-63% of qualifiers in construction trades have obtained a Red Seal endorsement.

2. There is broad acceptance of CSA International standards for welding and CWB ‘tickets’ as certifications of proficiency to the CSA International standard.

3. There is broadly-based and generous tax deductibility for permanent relocations.

4. There is tax deductibility of additional living costs and tax exemption for employer-paid accommodation benefits for remote work sites and prescribed northern areas.

5. There has been moderate progress towards mutual recognition of some occupational licences outside the trades system, notably for elevator mechanics, stationary engineers, and some pressure welding licenses.

6. The union ‘travel card’ system has contributed to mobility along with the system of business managers’ ‘calls’ to address temporary skill shortages.

7. EI is fully portable. The CPP is fully portable. Medicare coverage is effectively portable. (Individuals carry their home province’s coverage for three months after which they are eligible for coverage in their province of current residence and employment).

8. The National Job Bank provides employers and workers with a zero-cost system of registering. The system has been particularly useful in the non-union sector, though it is limited by the requirement for fluency in an official language and the ability to use the Internet.

9. Through ad hoc mutual recognition agreements, some provinces have increased their commitment to the portability of qualifications and extended that portability beyond Red Seal trades.
The Debit Side of the Ledger

1. Except for the limited exemptions for ‘remote work sites’ and ‘prescribed Northern regions’, there is not tax deductibility or exemptions to support temporary relocations. This is the single most serious impediment to mobility in the construction industry. The failure to deal with this problem exacerbates skill shortages in areas of high demand while increasing the costs of income support in areas of high unemployment. At the same time, the more favourable treatment of ‘independent operators’ creates perverse incentives on the part of workers and employers to style workers as ‘sub-contractors’. This trend augments underground practices and undermines other policy objectives, notably workplace health and safety.

2. There are been far too little progress made towards standardizing apprenticeship training and thereby making this training portable. The lack of a common core curriculum in most trades and common sequencing of apprenticeship training seriously impedes the mobility of apprentices.

3. Disparate provincial licensing requirements for equipment operators, pressure welders, gas fitters and other trades introduce unnecessary impediments to mobility. At best, mutual recognition arrangements are ad hoc and only entitle a worker to be re-licensed without being re-tested. At worst these disparate licensing requirements directly frustrate mobility by preventing otherwise qualified workers from being employed in their trade.

4. The practice of some provinces of maintaining or establishing trades outside the Red Seal system weakens the Red Seal system and could return segments of the construction industry to conditions that prevailed in an earlier period when incommensurate trade qualifications were the norm.

5. There is a growing trend toward disparate occupational health and safety requirements for both workers and employers. Certification requirements – whether founded in regulations or tender documents – potentially impedes mobility. This problem is increasing rather than receding. At a minimum, there is a need for a worker ‘passport’ system and for a databank of occupational health and safety courses that would facilitate mutual recognition practices.
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Appendix A: Interviews

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