

# **BUILDING A BETTER EMPLOYMENT INSURANCE PROGRAM**

## **RECOMMENDATIONS FROM CANADA'S BUILDING TRADES UNIONS**

**OCTOBER 8, 2021**



**CBTU SMCC**

CANADA'S BUILDING TRADES UNIONS  
LES SYNDICATS DES MÉTIERS DE LA CONSTRUCTION DU CANADA  
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# INTRODUCTION

On behalf of the over half a million skilled trades workers we represent, Canada's Building Trades Unions (CBTU) are calling on the Government of Canada to implement real reforms of the Employment Insurance (EI) program. As the voice of Canada's unionized construction industry, we actively advocate for changes to legislation and programs to support the workforce. Over the past several years, CBTU has actively engaged in the EI consultation process and worked alongside other organizations and the Commissioner for Workers to advocate for changes to the EI program that will better support Canada's workforce.

Workers Rebuilding Canada, an August 2021 Abacus Data survey commissioned by Let's Build Canada (a coalition of building trades unions), found that 87 per cent of building trades members agree that the EI program needs reform. Workers identified concerns with shortages of work opportunities, with 75 per cent saying there aren't always employment opportunities near where they live and that work shortages are common. As we look to a post-pandemic recovery and consider the difficulties workers will face as we transition to a Net Zero economy, now is the right time to make notable changes to the EI program; modernizing it and ensuring it better supports the needs of today's workforce.

In this report, CBTU has identified seven areas of improvement that will better support our workers and the larger Canadian workforce. These recommendations include:

1. Permanently removing the clawback of Separation Monies
2. Supporting Workers Seeking Re-Training or Skill Upgrading
3. Addressing the Delay in EI payments for Apprentices
4. Making Improvements to the Canada Training Benefits
5. Ending the Misclassification of Workers
6. Adding a Skilled Trades Representative at EI
7. Re-establishing the EI Tribunal

## **ABOUT CBTU**

Canada's Building Trades Unions (CBTU) are an alliance of 14 international unions in the construction, maintenance, and fabrication industries that collectively represent over half a million skilled trades workers across Canada since our inception in 1908.

Each year, our unions and our signatory contractor partners invest over \$300 million in private sector money to fund and operate over 195 apprenticeship training and education facilities across Canada that produce the safest, most highly-trained and productive skilled craft workers found anywhere in the world. Canada's Building Trades Unions represent members who work in more than 60 different trades and occupations, and generate six per cent of Canada's GDP; our industry maintains and repairs more than \$2.2 trillion in assets.

Our work is not just done on site, but in several facilities that provide modules or other components that are incorporated into the structures that we work on. Once structures are built, we are employed in their renovation, maintenance and repurposing. The unions that compose CBTU can be found on our website [here](#).

# BACKGROUND

For over 80 years, Employment Insurance has been a source of support for workers, families, and communities. As Canada begins its post-COVID-19 recovery, and shifts to a Net Zero economy, we have the opportunity to reform EI so that it can evolve to better support workers. The changes our economy faces in the weeks, months and years ahead will require a robust set of programs and supports to ensure no worker is left behind. EI will play an integral role in this transition.

## Past Programs

Although Canada has faced large sectoral shifts in its economy before, the transition to Net Zero will be vastly more complicated and provinces like Alberta, Saskatchewan and Newfoundland and Labrador will be more directly impacted. We encourage the Government of Canada to thoroughly examine past programs that have supported workers when major industrial restructuring occurred to help Canadians find employment, including the examples listed below.

When facing past macroeconomic changes, the Canadian Government developed several programs that helped Canadians find meaningful employment elsewhere. For example, the **Industry Labour Adjustment Program (ILAP)** was established in 1981 to help workers, communities, and industries facing a decline of permanent jobs due to industrial restructuring. Communities that were designated for assistance had Community Adjustment Committees established with business, labour and government representatives to provide advice and help coordinate federal, provincial, and local assistance. In addition, a wage subsidy (two dollars for up to 40 hours a week for a period not exceeding 12 months) was used to incentivize businesses in these communities to hire workers.

Before that, the **Manpower Mobility Program** was introduced to help workers and their families in any industrial sector move to new locations to obtain employment. First created in 1965, the program consisted of loans and grants that enabled workers to travel to find employment or to begin a new occupation. Loans were repayable over two years and covered the cost of moving plus up to \$1000 for resettlement purposes. These loans were later replaced with exploratory grants which allowed workers to travel to a new community for a job interview and/or check on accommodations and schooling in the area.

The **Canada Community Development Projects (CCDP)** were established in 1980 to create employment opportunities in areas of high unemployment through direct job creation projects. CCDP encouraged the submission of project proposals with specific regional and national priorities such as Indigenous employment, community restoration, and energy conservation. This program could be replicated to fund large-scale infrastructure and utility projects in provinces that are directly affected by the Just Transition which would create well-paying, middle-class jobs and help Canada achieve its climate agenda.

# BACKGROUND

## Additional Policy Considerations

As the Government looks to make reforms to the EI program, there is an opportunity to take a more holistic approach and broaden the program mandate by working with relevant ministries including Employment and Social Development Canada, Finance, and Labour. CBTU has advocated for the federal government to introduce policies and programs to support labour mobility which will help take Canadians off of programs like EI.

For example, a skilled trades workforce mobility tax deduction would reimburse a small portion of travel-related costs for work that is far from one's permanent residence. Unlike many careers, jobs in the construction industry are cyclical. Projects arise, are built, and completed in different locations, at different times. This requires construction workers to travel far from home and bear out-of-pocket travel costs while they – temporarily – relocate for work. At times, these costs are covered by employers, however when they aren't, the addition of temporary relocation costs can prove too burdensome. By introducing a tax deduction, the Government of Canada would incentivize travel for work and increase revenues through reduced dependence on EI, helping workers get back to work and contribute to the economy through employment taxation.

Additionally, we are advocating for cross-border mobility. As Canada transitions to Net Zero, and there are fewer work opportunities in the oil and gas sector, work opportunities may arise in the United States for skilled trades workers to put their training and skills to good use. There has been a long history of workers in Canada and the United States travelling across our borders to fill temporary worker shortages, particularly given that both countries have similar training requirements and certifications. However, unlike the agricultural industry, currently no construction-specific stream for temporary worker visas exists – either through Canada's Temporary Foreign Worker Program or the United States' H-2B visa program. This means that it can be difficult for workers and employers to get temporary work visas and worker shortages are often exacerbated. As our workforce transitions, the Canadian Government should work with its American counterparts to support construction labour mobility between our two countries, increasing opportunities for Canadian skilled trades workers and addressing temporary labour shortages.

We call on the Government of Canada to use this consultation period as an opportunity to take a holistic approach to addressing Canada's employment needs and the supports workers need. CBTU stands ready to help advocate for better conditions for workers and help create a stronger economy for all.

# RECOMMENDATIONS

Canada's Building Trades Unions are calling for the following reforms to the Employment Insurance program to address some of the longstanding issues facing workers in the building trades when accessing EI benefits.

## 1. Permanently remove the clawback of Separation Monies

The permanent EI rules around separation monies indicate that separation payments and benefits may impact the amount of EI benefits one receives. Some earnings paid or payable upon separation can: delay the start date of your claim; delay the one-week waiting period to serve; delay the date on which you begin receiving benefits; reduce the amount of benefits; or provide the right to an extension of the benefit period.

Many collective agreements in the unionized construction sector specify that separation monies like vacation pay, are accumulated as a percentage of pay earned and paid, in full, upon an agreed period of time (ex. Semi-annually) or upon termination of employment. Construction by nature is cyclical; any given job, depending on its type, may last from one week to several years. For example, a routine, maintenance shutdown at a steel plant may create 150 job calls. Depending on which part of the maintenance a skilled trades worker may be part of, their job may last anywhere from one month to three months. Given the short nature of the job, and the necessity to be on site until that job is complete, there is no opportunity for a worker to take vacation during that time. As a result, vacation pay is accumulated and paid upon lay off – a common practice in our industry. Because of the transitory nature of any job, skilled trades workers may be laid off with little to no notice as well, due to unexpected project interruptions or lack of work.

When a worker receives their unused vacation pay upon lay off – earnings that have been by held back by their employer and that they have accumulated – it can result in a delay or reduction in getting their EI benefits causing undue stress and hardship. The current EI program does not correctly treat these types of separation monies. Canada needs a mobile, skilled trades workforce that can address large labour demands in different areas, at different times. This is how infrastructure, mega projects, hospitals, roads, bridges and homes get built, repaired and maintained. Many skilled trades workers may gain steady employment through a maintenance agreement or long-term project and never once utilize the Employment Insurance program. However, given the ebbs and flows that are a reality in the construction industry, the EI program needs to support skilled trades workers in between one job and the next, not punish them by reducing EI benefits based on separation monies received.

In Budget 2021, the Government of Canada proposed to simplify eligibility rules around the allocation of monies on separation for a period of one year, from September 2021 to September 2022; this temporary change is now in place. While the temporary adjustment is welcomed by our industry, we recommend the Government make this a permanent change to support Canada's skilled trades workforce.

**86% of Building Trades workers agree the clawback on separation monies should be permanently removed\***

# RECOMMENDATIONS

## 2. Support workers seeking re-training or skill upgrading

As Canada transitions to a Net Zero economy, the construction industry (among the other industries) anticipates a loss of jobs and the need for workers to participate in re-training or upskilling programs. The Employment Insurance program should ensure that newly unemployed workers – due to downsizing, relocation or displacement – can receive EI benefits while attending skills training or an educational program. Workers should not be penalized for government-led changes to their industry that will have long-term consequences. For many workers in the oil and gas sector to adequately transition to new jobs, they will need to upgrade their skills or re-train to work in a different trade. The EI program must support these workers and their families during this transitional period by allowing them to access EI benefits.

Occasional, frequent, and long-tenured claimants should be allowed to enroll in education, retraining, and skills upgrading to better prepare themselves for a post-pandemic economy. These changes should be made available to workers without the requirement of being available for work or looking for work.

## 3. Address the delay in EI payments

Currently, apprentices enrolled and participating in the in-class portion of their training do not have their training claims processed fast enough and some may not receive their entitlements from EI until after their training is complete. This creates barriers for apprentices to complete the in-class portion of their training and to challenge certification exams.

Changes such as the temporary waivers of the one-week waiting period for EI claims for apprentices will support apprentices and other Canadians. We additionally call on the government to allow apprentices to apply for EI in advance of their training which would provide better financial security to successfully update their skills and be better prepared to enter the labour market.



# RECOMMENDATIONS

## 4. Making improvements to the Canada Training Benefit

CBTU was pleased to see the Federal Government introduce the Canada Training Benefit in Budget 2019, recognizing that today's economy is evolving and that people may change jobs many times throughout their working lives, or may require new skills to keep their jobs in a changing economy. CBTU supports the Canada Training Benefit which provides workers with money to help pay for training, provides income support during training, and offers job protection so that workers can take the time they need to keep their skills updated. But there are some recommendations we have to improve the Training Benefit.

### I. Remove limits on the Canada Training Credit:

- Remove the upper-age limit on eligibility to extend access to older workers;
- Remove lower earnings eligibility threshold to extend access to low-paid individuals and those whose earnings fluctuate from year to year;
- Allow the Training Credit to apply to related expenses such as course materials and transportation to lower barriers on continuing education;
- Make the Training Credit available in advance payments throughout the year rather than refunding the amount following the deadline for filing taxes. Include out-of-province secondary school upgrading/completion, ESL and FSL studies for the tuition credit.

### II. Make improvements to the EI Training Support Benefit:

- Extend the EI Training Support Benefit from four to 16 weeks.
- Make the replacement rate for the EI training support benefit equal to 85 per cent of their wages rather than the current level of 55 per cent;
- Eliminate the one-week waiting period and permit workers to receive EI benefits from day one of unemployment;
- Ensure that EI Training Support benefits do not reduce a worker's normal EI entitlements if the worker is laid off or needs other special EI benefits during the same period.

These changes will make the Canada Training Benefit accessible to more workers and provide greater benefits to workers seeking re-training before they re-enter the workforce.

**92% of Building Trades workers agree  
the EI program should have greater  
flexibility\***

# RECOMMENDATIONS

## 5. End the misclassification of workers

The EI program needs to crack down on employer misclassification of workers who are often labeled as independent contractors or self-employed which allows employers to evade EI and other payroll deductions. This misclassification often happens in the construction industry in which unionized workers are employed by independent contractors for specific projects and the employer purposefully evades EI contributions. This hurts workers who lose on benefits they are legally entitled to as well as honest contractors who may lose out on a bid due to low labour costs from a contractor who misclassifies workers. Cracking down on worker misclassification will help broaden EI's base, prevent free-riding, and the undercutting of competitors who participate in the EI program.

## 6. Add a skilled trades representative at EI

The construction industry requires a large, agile and mobile workforce. Projects arise in different regions, requiring different skillsets at different times. What this means for skilled trades workers is that they must continue to upgrade their skills to meet the changing needs of the industry, and they must – at times – travel away from home to where the work is – that's why they're referred to as journeypeople. And, Canada's economy needs a mobile, skilled trades workforce to address our infrastructure needs.

In the unionized construction sector, our local unions operate under a hiring-hall model. Quite simply, a hiring hall is a way to dispatch skilled trades workers to employers as needed. While awaiting the next job call, union members can take supplementary training courses offered at one of our 195 training centres across Canada.

From the hiring hall, to the apprenticeship model employed by the skilled trades, to the cyclical nature of the construction industry, skilled trades workers can utilize the Employment Insurance at multiple times, for different reasons throughout their career. Given the uniqueness of our sector, the EI program should include a dedicated skilled trades EI representative at each of Canada's four administrative regions who understand the specific issues of skilled trades workers and the EI system in Canada. A representative that understands the nature of construction, would better support a skilled trades worker navigate the complex EI system to find better outcomes for them and overall creating a more effective program responsive to the needs of construction journeypeople and apprentices.

**93% of Building Trades workers agree there should be a dedicated EI skilled trades representative\***

# RECOMMENDATIONS

## 7. Re-establish the EI Tribunal

While currently there are some mechanisms in place to provide for reconsideration of denied EI claims, the Canadian Government should re-establish a Board of Appeals for Employment Insurance consisting of independently appointed representatives from labour, employer and government. The return of the Board of Appeals was announced in August of 2019 but has yet to be implemented. Re-establishing the Board of Appeals will help make the EI process more transparent and accountable and ensure that workers have a fair chance to make their case.



Reforming EI will bring further certainty into the construction, help hard-working Canadians get through difficult times, strengthening the middle class, supporting families and hard-hit communities as Canada's economy transitions.

*\*Workers Rebuilding Canada survey (August 2021, Abacus Data)*

## FOR MORE INFORMATION

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