

## **Reducing Barriers to Interprovincial Labour Mobility**

Submitted by the Greater Sudbury Chamber of Commerce. Co-Sponsored by the Thunder Bay Chamber of Commerce, the Timmins Chamber of Commerce and the Sault Ste. Marie Chamber of Commerce.

### **Issue**

Ontario participates in the global economy and almost every business, across all sectors, competes for talent and market share. Differing licensing standards, preferential hiring practices, and various education and language standards between provinces obstruct the free mobility of labour. This prevents employers from meeting their needs for skilled labour, discourages labourers from providing their skills where they are demanded, and presents needless hindrances to the Canadian economy.

Addressing labour mobility between provinces so that workers and industry prosper is critical. It will require difficult discussions between unions, industry, and provincial governments, but if achieved it will contribute to sustaining economic growth, innovation, productivity and Ontario's competitiveness.

### **Background**

In 1995, the provinces (excluding Quebec) and territories signed the Agreement on Internal Trade (AIT). Its purpose was to foster improved interprovincial trade by addressing obstacles to the free movement of persons, goods, services and investments within Canada. The establishment of the AIT marked a significant achievement in the efforts to remove interprovincial trade barriers, to introduce new guidelines, and to harmonize interprovincial standards. In Ontario, the AIT captured about 80 regulatory authorities and 300 occupations, including skilled trades.

In December 2009, the Ontario government introduced the Ontario Labour Mobility Act (OLMA) which guaranteed that workers certified in any Canadian province or territory would be eligible for the same certification in Ontario without additional training or testing. The provinces and territories used OLMA as a template for modifying AIT, eliminating many barriers that prevented certified workers from moving between jurisdictions to work.

In spite of these improvements to AIT, there are still limitations. Provinces and territories are able to impose additional requirements or exempt any occupation it deems has a role in public safety (which can create imbalances between sectors and impair trade between jurisdictions) and Quebec is not a part of AIT. Many trade professionals, such as electricians, have a different licensing body in each province, each stipulating its own standards and requirements for working in that province. These limitations and other barriers to trade are a real problem for the Canadian economy: according to a 2014 study, they are costing Canadians as much as \$50 billion.

On July 22, 2016, the Premiers of Canada's 12 provinces and 3 territories announced an agreement in principle for a new Canadian Free Trade Agreement (CFTA), which will replace AIT. Although the details are still unknown, part of CFTA's goal will be to improve labour mobility across provincial and territorial boundaries. CFTA will also use a "negative list" approach, where all government measures will be covered unless specifically exempted. This free trade agreement was confirmed on January 26, 2017, when the office of Navdeep Bains, the federal Minister of Innovation, Science and Economic Development, announced that the provinces and territories were in the final stages of finalizing the agreement.

It is encouraging to see that there has been progress on this file and that the provinces and territories are close to a formal agreement, but the Ontario Government must ensure that this process is seen through, that CFTA is ultimately signed and ratified, and that it improves interprovincial labour mobility. The

agreement must also include an enforceable dispute resolution mechanism to ensure predictability and allow a Canada-wide labour market to function properly.

Without improved labour mobility, Canada's economy will remain fragmented and Ontario's economic growth will remain handcuffed. With the United States threatening to renegotiate the North American Free Trade Agreement, interprovincial collaboration is more important than ever to ensure that Canada's economy is internally resilient and that all the provinces can prosper. Ontario is poised for above-average economic growth, and government needs to ensure that limits on labour mobility do not undermine that potential.

**Recommendations:**

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Collaborate with the other provinces and territories to sign and ratify the Canadian Free Trade Agreement.
2. Ensure that labour mobility and mutual recognition of credentials are treated as priorities in the Canadian Free Trade Agreement.
3. Ensure that the Canadian Free Trade Agreement includes an enforceable dispute resolution mechanism accessible by businesses and investors.

**Estimated Financial Impact to the Province**

- Entail a medium cost to government (between \$10M and \$200M)

**OCC Policy Committee Position:** The Policy Committee supports this resolution.