



International Union of Operating Engineers

AFFILIATED WITH THE AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS

Submission to ENEV

Bill C-49

OVERVIEW

The International Union of Operating Engineers ("IUOE") is a progressive and diversified trade union representing workers in a wide variety of occupational categories. Made up of 17 Local Unions across Canada, our nearly 60,000 members have helped build Canada's infrastructure and have been involved in the production of Canada's resources and delivery of its critical health care and community services since 1896. Our members construct and shape the skylines of Canada—we are the specialists that build roads, schools, hospitals, pipelines, solar and wind farms, and more.

The IUOE is at the forefront of advocating for a low-carbon economy that prioritizes the interests of Canada's highly skilled and trained workforce. The low-carbon economy can be an opportunity for innovation and growth, but only if we act and harness its potential to create career-defining jobs for Canadian workers. Our union firmly believes that protecting our environment and securing the livelihoods of workers can go hand in hand. It is essential to safeguard the interests and well-being of workers who are an integral part of the energy sector, and whose work has contributed to the development and maintenance of our country and is the heart of our economy.

To support our members in adapting to the evolving landscape of the low-carbon economy, the IUOE is actively investing in training and reskilling programs through our training centres across Canada. We are helping to provide the necessary skills to thrive in emerging sectors such as renewable energy and clean technologies. By equipping workers with the tools to succeed, we can ensure their long-term employability and professional growth.

The IUOE supports in principle Bill C-49 and its amendments to include offshore wind in the Canada—Newfoundland and Labrador Atlantic Accord Implementation Act and the Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation Act. Offshore wind projects will help Canada achieve its climate targets, while also providing the country and Atlantic Canada with low-carbon sources of electricity.

The IUOE also believes that offshore wind projects can provide job opportunities for Canadian workers, however, there is nothing currently in Bill C-49 which would ensure that the workers who will be developing, constructing, and maintaining these projects, both for onshore fabrication and offshore implementation, will be Canadian workers or that priority will be given to Canadian workers over the use of foreign workers. Unfortunately, across North America, it is common for project proponents to bring in foreign workers to construct offshore wind projects.

Bill C-49 and its regulations should guarantee that Canadian workers get to work on these projects, both for onshore fabrication and offshore implementation, and that the use of foreign workers by

project proponents be strongly discouraged, if not prevented entirely. It makes no sense to speak of the benefits of offshore wind projects providing thousands of job opportunities for Canadians when those job opportunities could go to foreign workers instead. It is the recommendation of the IUOE that Bill C-49, at a minimum, include in its principles a strong acknowledgment that offshore wind projects prioritize Canadian workers, and that the projects supported by this bill adopt Project Labour Agreements to guarantee work for Canadian tradespeople. This would ensure Canadian crewing requirements on vessels and, at a minimum, some tangible safeguards so that Canadian workers can actually work on these projects. The federal government, Nova Scotia and Newfoundland and Labrador must address the need for minimum requirements for Canadian workers on these projects. We are seeking amendments to the legislation to secure work for Canadians.

LABOUR AS A FORETHOUGHT

Unfortunately, it is all too common, when large projects are being developed, that labour is seen as an afterthought and not a forethought in decision-making. Project proponents may put forward proposals for projects without consideration for how many workers will be needed, how labour will be secured, and who the workers should be to construct and maintain their projects.

Project proponents may speak about the thousands of jobs that will be available, and the benefits of a project to a local community, but then learn only when the project is approved and ready for construction that they underestimated the labour force needed, or costs associated, and will seek out the cheapest and/or quickest solution possible at the expense of highly trained and skilled Canadian workers. Project proponents may even have a preference to use a foreign workforce over the local workers of the country and region that they're operating within. This has been seen throughout the world on many offshore wind projects.

The consequences of considering labour as an afterthought can be disastrous for a project and detrimental to government policies. For the project, unexpected issues with labour and leaving it to the last minute on how to obtain a workforce can lead to cost overruns, delays, and labour strife. Relying on a foreign workforce to build these projects can lead to safety issues, especially if the workers being utilized as not accustomed to Canadian regulations and health and safety rules.

For governments, treating labour as an afterthought can lead to local communities questioning the value of a project, and can also impact government policies to promote the training of local workers. Local communities will wonder how government messaging about thousands of job opportunities translates to work for Canadians if project proponents end up using foreign workers to fill those jobs. The backlash that Ontario and the federal government recently received over the planned use

of South Korean workers at the NextStar battery plant in Ontario is an example of how a project promoted by the government could backfire based on an issue with labour.

Additionally, by possibly having foreign work crews come into Canada to work on offshore wind projects, there will be no real economic spin-offs because there will be no development of a supply chain since everything will likely be imported. Currently, if a project proponent is to develop an offshore wind project, the modules would be taken to ports, fabricated onshore, and then sent out to sea on specialized ships. Where's the benefit to Canadians and to local communities if this process only involves foreign workers? Through safeguards such as Project Labour Agreements, even with imported parts, at least a local workforce can be developed to fabricate and construct offshore wind projects. They will also contribute directly to the economies of local communities. Canadian workers spend money in their province; the money won't go abroad as it will with a foreign workforce.

It will not benefit Canadian workers if they are not given the opportunity to work on these projects, or at least shadow the work of others, so that they can gain the skills needed to work on similar projects in the future. Canada cannot expect to build Canada's skilled workforce, especially for offshore wind development, if workers are not able to work and be trained to work on the projects.

Global Wind Energy Council reports that hundreds of thousands of workers were employed in the offshore wind sector in 2018 and that number is expected to triple by 2030. The Public Policy Forum estimates that the development of 1000 offshore wind turbines near Sable Island would employ 30,000 workers annually during construction. It sounds wonderful, but there is no guarantee that Canadian workers will be the ones working on these projects.

If the federal government truly wants to support offshore wind, it must take concrete measures and persuade Nova Scotia and Newfoundland and Labrador to guarantee Canadians actually work on these projects. Project proponents should not be allowed to accept government assistance and then utilize a foreign workforce when local workers are available to do the work. We believe it is in Canada's best interests to encourage, through Bill C-49, the adoption of measures like Project Labour Agreements which cover all construction work for the project and utilize Canada's skilled tradespeople and apprentices in the workforce, as well as ensure any foreign workers that are used are paid a prevailing wage.

COMPARISON TO THE UNITED STATES

For the benefit of understanding the role labour has in the offshore wind industry, it is warranted to compare Canada and our experience with that of the United States. Both countries are in the process of attracting investment for the development of offshore wind projects. The Biden

Administration has prioritized offshore wind development as a way to decarbonize the country's electricity grid. In 2016, the United States Department of Energy estimated that the country has a gross resource potential of 10,800GW of offshore wind capacity. Offshore wind projects are under development in wind-rich areas of the East Coast, Great Lakes, and Pacific coast.

The United States has the Jones Act which helps guarantee some of the work on offshore wind projects is done by Americans, though only specifically for onshore fabrication. The Jones Act specifically requires that all goods transported by water between US ports be carried on ships that have been constructed in the United States and that fly the US flag, are owned by US citizens, and are crewed by US citizens and US permanent residents. US workers are given priority by law to handle construction and fabrication of offshore wind projects when done onshore and in ports. Several US states with offshore wind projects have adopted Project Labour Agreements to ensure that the labour used is, to some extent, local and meets certain targets for employment standards, pay, and training. These agreements often include provisions requiring that local communities benefit from these offshore wind projects.

There is also a national agreement in place, National Offshore Wind Agreement ("NOWA"), which aims to provide an industry standard Project Labour Agreement for offshore wind projects. It was developed in partnership between industry and organized labour. At present, the agreement is used by Ørsted for its offshore wind projects. NOWA guarantees that a certain percentage of the workforce for offshore work is local and provided by unions, and that unionized workers are able to shadow and receive on-the-job training. The intent is that this will help build up a domestic workforce gradually and realistically for work that project proponents would otherwise seek foreign labour to do.

However, even with this in place, it's estimated that only about 40% of the work will be performed by Americans – work which is primarily onshore because unions were supported by the Jones Act and were able to negotiate project labour agreements due to our well-trained and well-skilled members.

At least there are attempts in the US to ensure that Americans are working on these projects. Nothing like these efforts have been discussed by any level of government in Canada. Unions, including the IUOE, will have discussions with offshore wind project proponents, but with no incentives from the federal or provincial governments it is a challenge to ensure Canadian workers are able to work on these projects. As of right now, there is no guarantee that Canadians will have any of the offshore work or even any of the onshore work. There is no Jones Act in Canada, and while Project Labour Agreements are supported by many project proponents in Atlantic Canada, there is no requirement or incentive that they be adopted.

PROJECT LABOUR AGREEMENTS

The IUOE asks that the Committee consider labour in its deliberations on Bill C-49 and amend the bill to include some safeguards to ensure Canadians actually get the work as part of the changes being implemented into the Atlantic Accords for Newfoundland and Nova Scotia.

One way this could be achieved is through mandating Project Labour Agreements. A Project Labour Agreement is a collective bargaining agreement that applies to a specific construction project and lasts only for the duration of that project. These agreements can be used for contractors and workers and help to enable apprenticeships, guarantee prevailing wages, establish grounds for workplace development initiatives, provide funding and economic support for impacted communities, and set forth goals for minority, women, Indigenous, and local job hiring.

These agreements provide an avenue for local workers, including marginalized and Indigenous workers, to be engaged in the development and construction of projects that impact their socio-economic interests and well-being. They help to build and maintain Canada's workforce in the skilled trades. They ensure that training and apprenticeship opportunities are incorporated into projects, and that older, skilled workers can mentor younger, less experienced workers. Thus, they allow for the opportunity to ensure a conditioning domestic workforce within Canada, and stable employment for workers, especially displaced workers.

Our experience with Project Labour Agreements has proven their benefits; in Newfoundland, Project Labour Agreements have led to projects having proportionally more tradeswomen than in other provinces. For example, women represented about 13% of unionized employees working at the Long Harbour and Hebron projects due to the benefit of having Project Labour Agreements on those projects. At one point, women constituted nearly 20% of the work in our trades in Newfoundland, where the national average is around 6%. These types of agreements are nothing new to the Atlantic provinces, and in fact have helped Atlantic Canadians obtain work on the projects that impact their communities. And, if Canada is to compete with the US for investment and development of offshore wind projects, the US is already at an advantage since the mandating of Project Labour Agreements mean that the US is better equipped to attract and train a local workforce for offshore wind while Canada falls behind.

CONCLUDING REMARKS

The International Union of Operating Engineers ("IUOE") hopes the Committee will strongly consider strengthening the guarantees for Canadians to work in Bill C-49, especially given the impact that it may have on our members and Canadian workers generally. We are eager to continue

providing input on this important matter. The IUOE believes that Canadian workers must be guaranteed work on these projects, and that the use of foreign workers should be discouraged especially when there are Canadian workers able and willing to do the work.

Federal policies and incentives relating to offshore wind development should aim to benefit Canadian workers and their communities. The IUOE believes the federal government must take a strong leadership role in this matter and make every effort to ensure Bill C-49 reflects the goal of supporting and building Canada's workforce, which includes positively addressing our recommendations in this submission and convincing Nova Scotia and Newfoundland and Labrador to support Canadian workers by adopting these recommendations. We are seeking amendments to the legislation to secure work for Canadians.