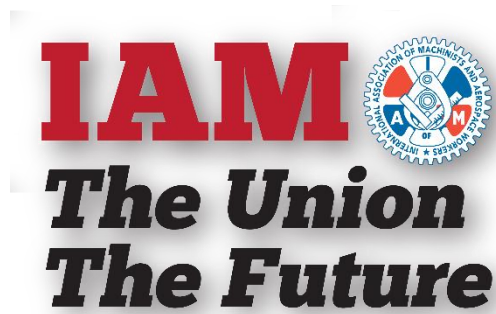


SUBMISSION OF THE INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS



TO THE STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRS

JANUARY 2020

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We appreciate the opportunity to present the views of the International Association of Machinists and Aerospace Workers to the committee conducting pre-budget consultations.

Introduction

The International Association of Machinists and Aerospace Workers (IAMAW) is the leading union in the aerospace sector and air transportation industry. The IAMAW represents over 55,000 members across Canada, of which 22,000 work in the aviation, aerospace and air transportation sector.

With many of our members employed in aerospace, the IAMAW not only has a vested interest in advocating for our members but also in ensuring that a pillar of the Canadian/Ontario economy continues to thrive. Our members are at the heart of the aerospace industry; they build quality products, they have seen the effects of how high-level policy decisions, global competitive forces, and trade deals can affect their lives, both in the workplace and their communities. The vitality and strength of the industry is of particular concern for the IAMAW and gives our Union a unique perspective and insight into the challenges, and opportunities that lie ahead for Ontario, and Canada as we strive to remain an influential and relevant player in the global market.

Air traffic is projected to increase by nine percent over the next seven years stimulating demand and opening new jobs, signaling the growing aerospace sector. Without a clear strategy, Canada/Ontario's foothold will be lost, as will billions of dollars from the economy.

Canada ranks third in the world in research and development, making Canada a world leader in technological innovation. The aerospace industry drives innovation forward by having multiple spillover effects, from transfer of knowledge with other sectors, support for government priorities across several departments as well as, civilian applications.

While our members depend on jobs in the industry, the IAMAW understands the issue extends beyond this; the consequences of neglecting issues facing the industry will have broader socio-economic repercussions. It is in the interest of labour, industry and government to work together to solve this increasingly complex problem.

Skilled Labour Shortages: Heading into Crisis Mode

This submission focuses on issues the aerospace industry is now facing, most critical being the looming skilled labour shortage. These shortages are due to massive retirements, where 41% of the aerospace workforce will retire, leaving some one third of the existing workforce eligible to retire across the country within the next few years. This could result in a lack of skilled people.

Compounding the issue is lack of recruitment into the profession, as well as limited training opportunities. It may be nearly impossible to recruit and train enough workers in the next five years, if the matter is not treated with urgency.

While future opportunities are limitless, Ontario employers are saying they are having a difficult time replacing those who have retired, and recruiting new workers to meet future needs.

The IAMAW recognizes the importance of the aerospace industry to the Ontario/Canada economy, and sees it as a promising industry of the future; one that will provide highly skilled and well-paid jobs, drive innovation forward in all sectors and most importantly, an industry that can help place us as a strong global competitor. Perhaps most importantly, the work of the industry enables technological advancements in other industries, as well as in everyday life. The industry certainly has all of the hallmarks of success and has a global reputation for technical expertise, innovation, safety and quality.

The industry is a major contributor to Canada/Ontario's Gross Domestic Product (GDP), employing more than the auto industry. In fact, Canada/Ontario relies more on the industry for revenue and employment than other countries. While the auto industry is concentrated in Ontario and Quebec, which makes investment strategies easier to coordinate, the aerospace industry is dispersed across the country involving multiple employers and many levels of government. Jurisdictional delineations, in addition to a dispersed sector, make coordinated investments absolutely necessary, and cooperation between levels of government.

Growing and Supporting an Industry: Finding a New Funding Framework

Governments rely more on tax credits than other means of investment when compared to competing countries, which is an indirect form of support. We need to intensify direct support for R&D, just as Germany, Japan, and the United States have done. In Canada, the rate of public funding has decreased and shifted towards, "indirect support through tax breaks.

While this is positive, we should not solely rely on tax credits as a means of supporting the aerospace industry, because R&D tax credits are rarely industry specific and, may not stimulate the aerospace industry to the extent that it is required.

In terms of tax incentives, the trend has been to move away from this policy tool towards direct public funding for R&D. Leading competitors have diversified their strategy for the aerospace industry; it is imperative that Canada defines a funding framework under a coordinated, national policy developed in coordination with provincial governments.

In 2016, the province of Ontario announced it would give \$ 7.8 million to seven companies in the Windsor area to incentivize businesses to establish their operations and, stimulate the regional auto industry.

Considering that aerospace is the driver of R&D in Canada/Ontario outspending all others in the manufacturing sector, is a major contributor to the GDP, and provider of employment, it is surprising that the aerospace industry has not received direct support from governments like those that the auto industry has.

In making recommendations, the current funding framework cannot be ignored, both in terms of jurisdictional delineations, and politics driving funding through transfer agreements. Not only has the government created a highly competitive environment in this industry, the funding framework has led to competition between provinces, as aerospace falls under the provincial jurisdiction the decision-making and coordination of activities are a provincial responsibility.

Provinces compete with one another for funding from the federal government, which has led to a dispersed sector. B.C. is advocating for the industry, recognizing it as the fastest growing industry in an attempt to recruit newcomers, whereas, the Maritimes are positioning themselves as leaders in the military aerospace industry.

Manitoba recently received \$ 10 million dollars, half of which was given to Magellan Aerospace, and the other half to Red River College, a training institution. Whether that investment was required at this time has yet to be seen, but the overarching point is that investments are made without a coordinated rationale. As a result, aerospace companies operate in a highly competitive and for the most part, private sector environment without clear direction from government. Yet, the aerospace industry is of national importance.

Education and Training

Provincial governments on the other hand, have a clear role and responsibility in the area of training and education. It is an established fact that the industry will face massive labour shortages in the near future, and that training is sorely lacking. In order to receive funding from the federal government, provincial governments would need to provide apprenticeship programs to train future workers, such as, Red Seal training, and opportunities to upgrade skills. Red Seal programs are especially important as they allow for mobility of skilled workers across provincial borders.

With such a large portion of the workforce retiring, and the nature of jobs changing quickly and becoming more technical, it is incumbent on provincial governments to take action and invest in training of new trade's people to replace those who are retiring.

In a recent report, the Aerospace Industry Association of Canada (AIAC) also identified a serious labour shortage in a mere five years in four particular skill areas, including advanced manufacturing techs, MRO skilled trades and personnel. Similarly, the Canadian Council for Aviation and Aerospace (CCAA) published a study in March 2018 that quantified the number of jobs that the industry requires by 2025 in order to keep up with projected industry growth.

Canada's Transport Minister, Marc Garneau has indicated as much in a press briefing, saying, "we're flying more and more and we will continue to fly more and more... [we] cannot afford to have labour shortages in the aviation industry.

The consequence is that with expected growth, which has been consistent, there will be new job openings that are unrelated to retirements. Canada/Ontario not only lacks the workforce to fill retirements, but also to meet future demand.

Recognizing the problem and the urgency, Transport Canada published a paper that underlines another issue, which is that different industries are competing for labour, and given, "lack of visibility for careers in the aviation industry due to limited post-secondary institutions offering aviation programs, the industry cannot compete effectively for labour. Enrolment in training for aerospace industry employment is low, which is related to a shortage of high-quality-training programs where machinists can advance their skills. In particular, the British Columbia Institute of Technology has not been scheduling classes for certification in the aero structures trade Trades Qualification (TQ), which affects workers who build sheet metal, bending and breaking of aluminum, riveting, chemically treating the aluminum and metal bonding. Presently, there are approximately twenty IAMAW members waiting to take the training. Lack of classes and opportunity for advancement are in effect, adding to the shortage of skilled workers with many turning away from the sector to areas where they are able to get the training. Consequently, some colleges have cancelled classes due to lack of enrolment.

On the other hand, colleges that offer training are not able to offer the kind of "real- world" training that graduates will encounter in their workplace. This sets new graduates up on a steep learning curve, since training institutions are not equipped with the latest technology.

Value of Apprenticeship Programs

The value of apprenticeship programs cannot be overstated, particularly Red Seal training. Students who complete the program develop skills through learning theoretical knowledge and applying it in a real-world setting. With a small amount of investment, Ontario's colleges and apprenticeship programs can serve as the front line for training the next generation of aerospace workers. Just as Britain placed a target on training apprentices through its industrial policy, we could effectively do the same through a sectoral policy.

However, it's not just about the visibility of the industry as a good source of employment, there is another obstacle. The emphasis of the education system and societally is on white-collar jobs, while jobs in industrial work and trades are derided, and worse yet are, "an unwarranted mark of failure. Most employers prefer graduates with degrees in sciences, mathematics, and engineering, because of the assumption that the digital age only creates, jobs that require abstract thinking rather than the hands-on skill of craftsmen. A highly skilled workforce is equated with those who are university educated, however, workers in the industry have specialized technical skills using advanced technology, which indeed,

makes them highly skilled. This is supported by the fact that our aerospace workers, particularly those employed in MRO, have a global reputation due to their expertise.

Transport Canada, CCAA, the Chamber of Commerce of Metropolitan Montreal, amongst others recognize that jobs in the industry are greatly misunderstood, “which has a direct impact on the number of students registered for specialized training programs, which has been dropping for the past two years. The IAMAW holds the same view and stresses that the best way of changing perceptions about jobs in the industry is to ensure jobs are stable, well paid and adequately remunerated.

Recruitment

Changing perceptions about work in the industry should emphasize that employment in aerospace takes place in high tech, computerized plants involving highly complex work, where jobs are highly paid, with good working conditions, and “health and safety standards that are second to none. More importantly, all of the attractive features of jobs in aerospace are attributable to unionization and strong collective agreements, which is required if youth are targeted for recruitment.

Although the aerospace industry is becoming aware of the challenge that labour shortages will pose, one critical point is often overlooked. Central to recruitment of youth into the aerospace industry is quality of jobs. Offshoring, part-time, casual work adds to people’s reluctance to choose a career in aerospace and runs contrary to the message the CCAA espouses in their newest report on the labour market in aerospace. If the industry, and government are serious about recruiting new workers, the quality of jobs and stability must be maintained, which is only achieved through strong collective agreements and labour standards.

Vital to ensuring a workforce exists is quality of jobs and, more importantly that the industry can compete with other industries for a limited pool of workers. A stable, and knowledgeable workforce helps companies remain innovative and competitive and, it is in the interest of industry leaders, governments and labour to collaborate in addressing the labour shortage.

Conclusion

The IAMAW is committed to working with all relevant stakeholders and, ultimately the IAMAW calls for a coordinated effort between provincial and federal governments, employers, and labour to make sure the industry thrives and member’s jobs are protected.

Respectfully Submitted