
Pre-Budget Consultation Submission

The Canadian Intern Association is pleased to participate in the Finance Committee's Pre-Budget hearing on the topic of maximizing the number jobs for Canadians.

Internships have become an important element of the Canada's labour market and a means for young people and recent immigrants to transition into the labour market. The next federal budget must address the legal and policy issues associated with unpaid internships, including those that are part of school programs.

On March 27, 2014, the Canadian Intern Association provided a submission to this committee's study on youth employment. This submission further emphasizes how unpaid internships increase youth unemployment and underemployment, facilitate inequality, and often violate employment standards laws.

The Canadian Intern Association urges the federal government to encourage paid internships and undertake law reform regarding the existing federal laws applicable to interns. We recommend Statistics Canada begin collecting data on internships across the country, and the Canada Labour Program and other federal bodies adopt stronger enforcement practices against illegal internships.

Labour Market Impacts of Unpaid Internships

Unpaid internships have problematic impacts on our labour market:

Unemployment – Unpaid internships contribute to youth unemployment and underemployment, displace paid employees and drive down wages. In September 2014, 13.5% of Canadians aged 15-24 who were looking for work could not find a job. Statistic Canada's R8 rate, which captures discouraged searchers and involuntary part-timers, is a measure for tracking underemployment and stands at 17.8% for Canadians aged 15-24.

Inequality – Unpaid internships facilitate socioeconomic, gender, and intergenerational inequity. Those without the economic means or connections to perform unpaid work face heightened barriers to entering professions and industries where unpaid internships are commonplace. Furthermore, internships are replacing paid entry-level jobs and making it difficult for young Canadians to gain meaningful work experience.

Illegality – Unpaid internships are often illegal. In Canadian workplace law, interns are considered employees and entitled to minimum wage unless a statutory exclusion applies. Most provinces have created exclusions for internships that are part of a formal educational program; however, federal workplace laws provide no clarification on the status of interns, whether the internship is part of an academic program or not.

Recommendations for the Federal Government

1. Law Reform

The *Canada Labour Code* does not clearly express the rights and entitlements associated with unpaid internships under federal workplace law. As a result, it is not always clear when interns and students are entitled to basic employment standards such as minimum wage, or whether they are protected under workplace health and safety laws.

Parliament should amend the *Canada Labour Code* to extend full employment standards, occupational health and safety, and workers' compensation protections to interns and students working for federally-regulated employers. As an interim measure, the Department of Labour should release an interpretation confirming the illegality of unpaid internships under the *Canada Labour Code*.

2. Data Collection

Currently no provincial or federal government has collected any data regarding the prevalence or characteristics of unpaid internships in Canada.

Statistics Canada should begin tracking internships. The data collection could include whether the internship is paid or unpaid, the industry and duration of the internship, and whether a job was offered afterwards.

3. Enforcement

Few enforcement measures exist to ensure against employee misclassification in the context of internships.

The Canada Labour Program and the Canada Revenue Agency should adopt an enforcement strategy regarding employee misclassification and internships. Citizenship and Immigration Canada and the Canadian Border Services Agency should enact measures to ensure that international students and young, foreign nationals coming to Canada are not being exploited by employers who are violating employment standards laws.

Legal Developments in North America

Over the last year there have been several developments with respect to the regulation of internships across North America.

In the United States, Oregon, New York, and Washington, D.C. have all extended greater protections for interns in the last year. Also, there has been a great deal of litigation arising from unpaid internship programs, such as the class action of interns that worked for Fox Searchlight Pictures Inc.

Within Canada, Saskatchewan has prohibited unpaid internships outside of academic programs, and Alberta has launched a comprehensive review of internships. In Ontario three different pieces of legislation have been proposed that would extend greater employment standards and occupational health and safety protections for students, interns and unpaid trainees. Ontario's Ministry of Labour carried out an inspection blitz in the spring which uncovered widespread breaches of the *Employment Standards Act, 2000*.

About the Canadian Intern Association

www.internassociation.ca

We are a federal not-for-profit organization that advocates against the exploitation of interns and aims to improve internship experiences. We were founded in June 2012 and work on behalf of students, youth, and other Canadians affected by issues related to both paid and unpaid internships.

Our campaigns provide support to interns and educate the public about internship issues. We encourage interns to "claim back their pay" by filing complaints with the provincial labour ministries and the Canada Labour Program. We put Canadian organizations on our "Wall of Shame" to draw attention to illegal or problematic internships. We also provide presentations at universities and colleges to educate students about their workplace rights.