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CANADA

RENEWAL OF THE LABOUR MARKET DEVELOPMENT AGREEMENTS

Report of the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities

**Phil McColeman
Chair**

JANUARY 2015

41st PARLIAMENT, SECOND SESSION

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Report of the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities

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THE STANDING COMMITTEE ON HUMAN RESOURCES, SKILLS AND SOCIAL DEVELOPMENT AND THE STATUS OF PERSONS WITH DISABILITIES

has the honour to present its

NINTH REPORT

Pursuant to its mandate under Standing Order 108(2), the Committee has studied the renewal of the Labour Market Development Agreements (LMDA) and has agreed to report the following:

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BETTER JOBS FOR CANADIANS: A STUDY ON THE RENEWAL OF THE LABOUR MARKET DEVELOPMENT AGREEMENTS

OVERVIEW OF REPORT

Canada's labour market is undergoing and will continue to undergo profound changes in the years ahead. As the Canadian workforce ages and baby boomers retire, employment growth may slow down if job vacancies are left unfilled. Some challenges include linking training to job vacancies; supporting a quick return to work for individuals who are unemployed; and improving productivity of the workforce, which is one of the main determinants of Canada's standard of living. Another urgent need is to help vulnerable groups with limited or no attachment to the labour market complete their education and/or find meaningful employment.

The House of Commons Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities ("the Committee") has completed a number of studies in the first and second sessions of the 41st Parliament examining skills and labour shortages, as well as skills development and training for vulnerable groups who have difficulty entering the labour market. The Committee studied employment opportunities for Aboriginal people, older workers, people with disabilities, young apprentices, people living in remote rural communities and internationally trained individuals.

There is debate over whether the evidence supports claims that there are skills shortages and/or labour shortages at a national level, but in certain sectors of the economy and in specific regions of Canada there is strong evidence of a skills mismatch. The Canadian Employment Insurance Commission in their annual *2012/13 Employment Insurance Monitoring and Assessment Report* stated:

In a context of both skills mismatches and geographic mismatches, most jurisdictions identified addressing skills shortages as a key priority for their labour market programming in 2012/13. Canadian employers agreed this was one of Canada's top challenges over the next three years, along with motivation and retention of qualified talent.¹

Witnesses who appeared before the Committee in the last two years have also consistently stated that shortages do exist in certain sectors and regions of the country and businesses have difficulty finding the people with the skills necessary to fill the

¹ Canada Employment Insurance Commission, [2012/13 Employment Insurance Monitoring and Assessment Report](#), (hereafter, EIMAR), Chapter 3: Impacts and Effectiveness of Employment Benefits and Support Measures (EBSMs–EI Part II), 2014.

positions they have to offer. Many witnesses reminded the Committee of how important it is to be able to depend on good reliable labour market information to determine where skills training – and what type of training – are in demand, as well as to adapt program design and policies to the evolving labour market.

On 29 April 2014, the Committee decided to study these labour market challenges in the context of the renewal of the Labour Market Development Agreements (LMDAs). It adopted the following recommendations:

- That the Committee begin a new study and that this study be entitled “Better Jobs for Canadians: A Study on the Renewal of the Labour Market Development Agreements (LMDAs)”;
- That the study focus on hearing from stakeholders on ways to improve the LMDAs, including through increased engagement with employers and workers, on increased employer investment in training and better employment outcomes from training;
- That the Committee begin this new study with an appearance from the Minister of Employment and Social Development, and, following that, a briefing from department officials, and that these appearances be televised;
- That at least eight meetings be scheduled for this study before the summer adjournment, provided that business referred to the Committee by the House such as Government legislation, Private Members’ legislation or Estimates will take precedence in scheduling over this study.

The Committee held a total of 10 meetings on this study and heard from a variety of witnesses, including the Minister of Employment and Social Development Canada (ESDC), ESDC officials, labour organizations, employers, academics, education institutions, Aboriginal groups, think tanks and the Commissioner for Workers and the Commissioner for Employers of the Canada Employment Insurance Commission.

Members of the Committee acknowledge with gratitude those who provided their testimony in person or via teleconference and those who took the time to send briefs. Without their contributions, this study would not have been possible.

This report is divided into six chapters. The first chapter provides a description of LMDAs and Employment Benefits and Supports Measures (EBSMs) including some statistical data, and a short description of complementary labour market agreements. Based on the testimony, it discusses the renewal process of LMDAs and presents some recommendations for the new generation of agreements. The second chapter focuses on testimony on accountability issues with regard to the current LMDAs and how to improve performance measurement and reporting in the new LMDAs. Based on the testimony, it includes a recommendation to create a new accountability framework. This framework would consist of new monitoring mechanisms including a diversity of stakeholders and the

federal/provincial/territorial governments. The third chapter deals with the important topic of labour market information. Based on the testimony of many witnesses, it describes the limits of the current system and makes recommendations to improve the collection and sharing of labour market information.

The fourth chapter presents testimony on expanding eligibility for employment benefits offered under the LMDAs. It presents many aspects of this issue as discussed by witnesses. It asks the question of who should be eligible for employment benefits funded by LMDAs and makes recommendations to expand access to employment benefits. In connexion with that, this chapter also reviews the testimony related to Employment Insurance (EI) eligibility and the duration of the period of receipt of EI benefits. Finally, it presents testimony on the types of training programs, the costs of expanding accessibility to employment benefits and touches on the importance of facilitating interprovincial mobility for workers and persons in training. The fifth chapter presents testimony on the necessity to reach unemployed individuals as soon as possible after the loss of employment to assess their needs and get them involved in training that will lead to meaningful employment. Based on testimony, it suggests better collaboration between the federal/provincial/territorial governments to coordinate and share the information captured by the EI system and provincial/territorial training delivery services. The sixth chapter presents testimony on greater employer engagement in skills development and training that can be accomplished through employers' contribution to training programs and their participation in labour market forums. In addition, this chapter reviews testimony on some provincial and international best practices in terms of employers' involvement mechanisms. Finally, it describes some employers' initiatives currently on the go in different parts of Canada, as well as challenges faced by some employers and solutions and recommendations brought up by witnesses.

CHAPTER 1 – LABOUR MARKET DEVELOPMENT AGREEMENTS

A. Labour Market Development Agreements – Employment Benefits and Support Measures

In 1996, the unemployment insurance system was renamed “Employment Insurance” (EI) and reformed to recognize two parts: one, providing income support to unemployed people who had paid EI premiums; and two, offering a suite of employment programs to unemployed clients to prepare them to get back to work quickly. The [*Employment Insurance Act*](#) also gave provinces and territories the ability to deliver these training programs.² The original LMDAs date back to the beginning of the process of devolution of labour market training to the provinces in 1996. The first bilateral agreement was signed with Alberta in December 1996 and implemented in November 1997. Getting all the provinces and territories on board has been a long process, culminating with the recognition in Budget 2007 that the provinces and territories have the primary responsibility in the design of labour market training programming and its delivery, and the signing of the last bilateral agreements by 2010.³

EBSMs were also set up in 1996 and funded through the LMDAs. They offer different programs and services to the unemployed or those who have no attachment to the labour market to assist them in pursuing education or finding employment. The Committee was told there has been little change in terms of this programming since 1996, despite substantial change in the labour market and the Canadian economy. Mary-Lou Donnelly, Commissioner for Workers, Canada Employment Insurance Commission, told the Committee that the renewal process of the LMDAs should make sure that the new generation of agreements are relevant to the reality of current workers and employers.⁴ As well, Matthew Mendelsohn, Director, Mowat Centre, spoke of the restructuring of the labour market, giving the example of Ontario:

During that time [1996 to today], though, we have had enormous changes in the labour market. In Ontario we’ve seen dramatic declines in the manufacturing sector. Across the country, we have seen a rise in precarious work, part-time work, and multiple job-holders. We have also seen a restructuring of various sectors, which has created long-term unemployment for many middle-aged people who used to work in the manufacturing sector, particularly in central Canada.⁵

Matthew Mendelsohn
Mowat Centre

2 Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities (HUMA), *Evidence*, 2nd Session, 41st Parliament, 6 May 2014, 0845–0900.

3 Ibid. 0845.

4 HUMA, *Evidence*, 2nd Session, 41st Parliament, 3 June, 0950.

5 HUMA, *Evidence*, 2nd Session, 41st Parliament, 29 May 2014, 0845.

The LMDAs are in the process of being renewed to better reflect the evolving Canadian labour market. ESDC is having discussions with provinces and territories, holding roundtables with stakeholders and undertaking consultations online with employers to gain their points of view on “how to make the LMDAs more employer-driven and responsive to the needs of the labour market.”⁶ The Committee’s study will bring further insight to decision makers involved in the renewal of LMDAs.

The majority of witnesses who testified before the Committee recognized the importance of LMDAs in addressing Canada’s skills challenges and shaping labour market programming and policy in Canada.

As the next generation of LMDAs come on stream over the next decade, Canada’s labour market will undergo profound changes as labour force growth slows and baby boomers continue their transition from work to retirement. Adapting to this new normal will require a stronger focus on investments in skills and more effective LMI [Labour Market Information] and program design.⁷

Tyler Meredith
Institute for Research on Public Policy

We want to point out the important role that LMDA funds have played in assisting unemployed workers train for and find new employment. A tracking study of laid-off workers conducted by a McMaster University researcher documented the improved outcomes for laid-off workers who had access to training programs.⁸

Cammie Peirce
Unifor

For background, we are a 900,000-job industry generating over \$120 billion in economic activity. However, in the next decade we will see approximately 100,000 job vacancies to fill. That means our industry and government need these LMDA dollars to be as effective as possible in getting Canadians employed, and perhaps more importantly, though, not just into jobs but into careers.⁹

Bard Golightly
Canadian Home Builders’ Association

While we realize that LMDAs will not provide solutions to all of the labour and skills issues our industry faces, they certainly are our key tool in working towards solutions.¹⁰

Craig Martin
Canadian Welding Bureau

6 Government of Canada, “Government of Canada consults with stakeholders in London to help shape new Labour Market Development Agreements”, News Release, ESDC, 26 June 2014.

7 HUMA, *Evidence*, 2nd Session, 41st Parliament, 13 May 2014, 0900.

8 HUMA, *Evidence*, 2nd Session, 41st Parliament, 15 May 2014, 0955.

9 HUMA, *Evidence*, 2nd Session, 41st Parliament, 3 June 2014, 0850.

10 Ibid., 0905.

According to Frank Vermaeten, Senior Assistant Deputy Minister, ESDC, the federal government intends the new generation of LMDAs to:

- better prepare Canadians for the labour market of the future;
- obtain a larger return on investment in training by getting better outcomes in terms of unemployed individuals being matched with meaningful employment;
- enhance performance measurement and report on meaningful employment outcomes;
- increase the involvement of employers in training decisions as well as their investment in labour market programming;
- address the skills gaps where they exist and make sure the right kind of training is going to the right people;
- ensure greater individual responsibility when it comes to choosing training programs, paying for training and encouraging mobility;
- set mechanisms to target and refer EI clients earlier in their benefit period;
- ensure eligibility criteria will meet the evolving labour market needs; and
- generate more EI savings by examining such options as pay-for-performance.¹¹

Currently, at the federal level, the key objectives of LMDAs are for EI active clients to find employment and return to work more quickly, resulting in savings to the EI account, and to decrease the skills mismatch so that workers get the training they need to find meaningful employment and employers can hire the skilled employees that they need.

LMDAs finance EBSMs through the federal government's transfer of part of the EI account to the provinces and territories. All provinces and territories have transfer agreements in place, although the design and delivery of services is not identical in each case.

All EBSMs are included in Part II of the [Employment Insurance Act](#). Employment benefits are available to claimants with active EI claims and those who have established a benefit period in the last three years (or the last five years for maternity or parental benefit claimants). Support measures are available to all unemployed individuals. According to section 57(2) of the Act, the Canada Employment Insurance Commission works in concert with provincial and territorial governments to design EBSMs, determine how they will be

11 HUMA, *Evidence*, 2nd Session, 41st Parliament, 6 May 2014, 0855.

implemented and establish a framework to evaluate their outcomes. The legislated guidelines for EBSMs are as follows:

57. (1) Employment benefits and support measures under this Part shall be established in accordance with the following guidelines:

(a) harmonization with provincial employment initiatives to ensure that there is no unnecessary overlap or duplication;

(b) reduction of dependency on unemployment benefits by helping individuals obtain or keep employment;

(c) co-operation and partnership with other governments, employers, community-based organizations and other interested organizations;

(d) flexibility to allow significant decisions about implementation to be made at a local level;

(d.1) availability of assistance under the benefits and measures in either official language where there is significant demand for that assistance in that language;

(e) commitment by persons receiving assistance under the benefits and measures to

(i) achieving the goals of the assistance,

(ii) taking primary responsibility for identifying their employment needs and locating services necessary to allow them to meet those needs, and

(iii) if appropriate, sharing the cost of the assistance; and

(f) implementation of the benefits and measures within a framework for evaluating their success in assisting persons to obtain or keep employment.¹²

Under section 63 of the [Employment Insurance Act](#), the Canada Employment Insurance Commission, with the approval of the Minister, has legislative authority to reimburse provinces and territories, as well as other organizations, for the costs of labour market programming that is similar to the EBSMs.

EBSMs are made of two parts. First, employment benefits for EI claimants and former claimants are provided through five programs:

- Skills Development-Regular and Skills Development-Apprenticeship;
- Targeted Wage Subsidies (TWS);
- Self-Employment (SE);
- Job Creation Partnerships (JCP); and

12 [Employment Insurance Act](#), 2014, S.C.1996, c.23, s. 57(1).

- Targeted Earnings Supplements (TES).

Many witnesses praised the outcomes of the skills development (SD) programs, which cover the costs of training for EI clients to get back to work as quickly as possible.

The last two EI monitoring assessment reports provide details about recent net impact evaluations of LMDA programs. The evaluations show that the skills development programs are very effective. These involve the longer-term training interventions, which often lead to a credential. According to the evaluations, skills development programs increase the incidence and duration of employment, and increase earnings for people over both the short and medium terms.¹³

Barbara Byers
Canadian Labour Congress

This long-term evaluation has found very large impacts for the skill development programs. These programs are for unemployed people who are on benefits and can qualify for training. We look at the impact on four types of outcomes: their earnings, their probability of being employed, their probability of being on EI, and the amount of benefits they claim on EI for one and up to five years after they have gone through this program.¹⁴

Miana Plesca
As an Individual

The second part of EBSMs consists of the support measures. They include:

- Employment Assistance Services (EAS);
- Labour Market Partnerships (LMP); and
- Research and Innovation (R&I).

Employment assistance services support clients through job counselling, sharing of labour market information and search tools such as job banks, writing résumés, networking and other services as needed. These measures are available to all Canadians, including those who do not meet the eligibility criteria for employment benefits.

According to the president of the Réseau des carrefours jeunesse-emploi du Québec, employment assistance services cost little but have noteworthy outcomes. This witness, who represents a network of organizations that deliver employment assistance services, stated that “[a]ccording to a recent report by Raymond, Chabot, Grant, Thornton, the activities of the Réseau des carrefours jeunesse-emploi du Québec in Quebec generate economic spinoffs of \$72 million annually from a government investment of \$46 million.”¹⁵ Other testimony includes that of Miana Plesca:

13 HUMA, *Evidence*, 2nd Session, 41st Parliament, 13 May 2014, 0845.

14 HUMA, *Evidence*, 2nd Session, 41st Parliament, 10 June 2014, 0905.

15 HUMA, *Evidence*, 2nd Session, 41st Parliament, 13 May 2014, 0955.

The cheaper one is the employment assistance service, the job search assistance programs where you just teach people how to write their résumé, how to dress for an interview, and what to say at the interview. It is the darling of all labour market programs because it's very cheap. It doesn't cost as much as to retrain a worker in a new occupation. You just put them in a classroom or one-on-one interventions and just tell them how to behave at an interview, and it's very successful. The impacts are modest. They are not huge, but they are very consistent all across time and easy to implement, easy to deliver.

So what has happened is that a lot of the provinces have switched their attention and focus on these employment assistance services because they work and they are cheap. I don't want to put them down too much, but I think we have to be very careful here because emerging evidence shows that, while they are effective, they are mostly displacement programs. They do not create new jobs; they do not benefit in terms of productivity.¹⁶

Miana Plesca
As an Individual

B. Statistics related to Labour Market Development Agreements

According to the 2012/13 EI Monitoring and Assessment Report (EIMAR), 662,260 clients received assistance from EBSMs to prepare for, obtain and maintain employment in 2012–2013. This represented a 2.5% increase from 2011–2012, which is due to a growth in the number of clients (+27,247) receiving employment assistance services. A total of 1,076,271 EBSMs interventions were delivered in 2012–2013, an increase of 11.8% compared with 2011–2012.¹⁷

The volume of non-insured¹⁸ clients receiving Employment Assistance Services (EAS) grew by 12.7% in 2012–2013, while the number of EI claimants or former claimants decreased slightly. “The number of EAS [interventions increased by 14.2% to 901,062, while the number of Employment Benefits interventions fell by 6.1% to 149,521, a 10-year low.”¹⁹

The EIMAR shows a trend of a growing demand for assistance from non-insured participants. “Over the past 10 years, the volume of non-insured clients increased by 52%, while the number of active claimants declined at a slower pace (-24.3%). During the same period, former claimants increased by 17.3%.”²⁰ This is demonstrated in Figure 1.

16 HUMA, *Evidence*, 2nd Session, 41st Parliament, 10 June 2014, 0910.

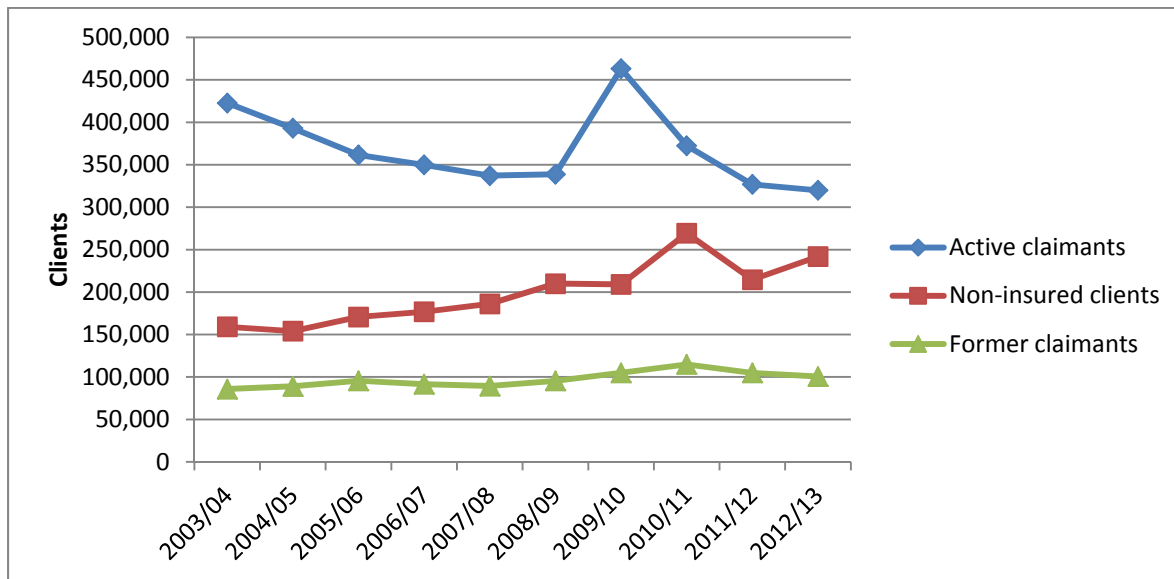
17 Canada Employment Insurance Commission, [2012/13 Employment Insurance Monitoring and Assessment Report \(EIMAR\)](#), Chapter 3: Impacts and Effectiveness of Employment Benefits and Support Measures (EBSMs–EI Part II), I. National Overview, Section 1, Main Results, 2014.

18 Non-insured clients are unemployed individuals who are neither active nor former EI clients. EIMAR, Chapter 3, Sub-Section 2.1, Client Types.

19 EIMAR, Chapter 3, Section I, National Overview, Trends in Program Delivery.

20 EIMAR, Chapter 3, Sub-Section 2.1, Client Types.

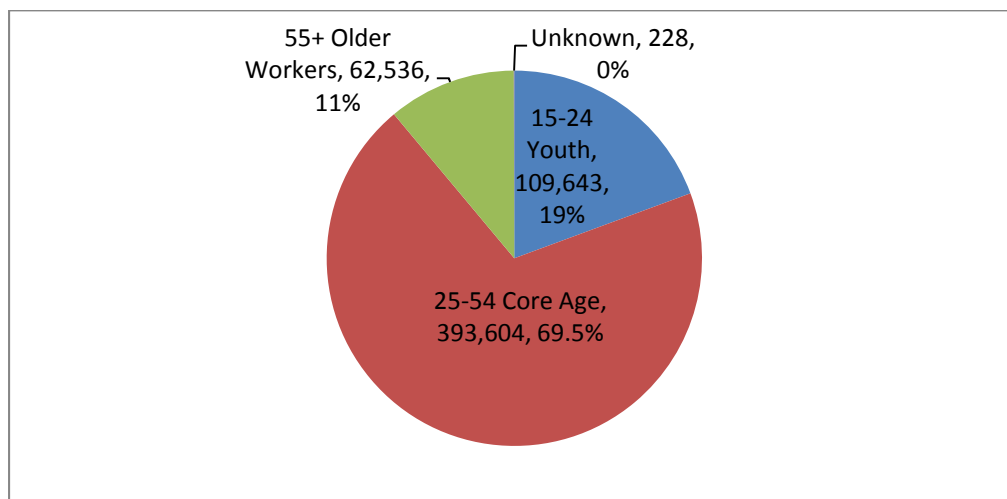
Figure 1– Volumes by EBSM Client Types (2003/04 – 2012/13)



Source: Canada Employment Insurance Commission, [2012/13 Employment Insurance Monitoring and Assessment Report](#), Chapter 3, Sub-Section 2.1, Client Types, 2014.

Figure 2 highlights the age distribution of EBSM clients. Older workers and youth together represent 29.5% of all clients who received service in 2012–2013, but the vast majority (69.5%) were aged 25–54, a core working-age group.²¹

Figure 2 – Age Distribution, 2012–2013

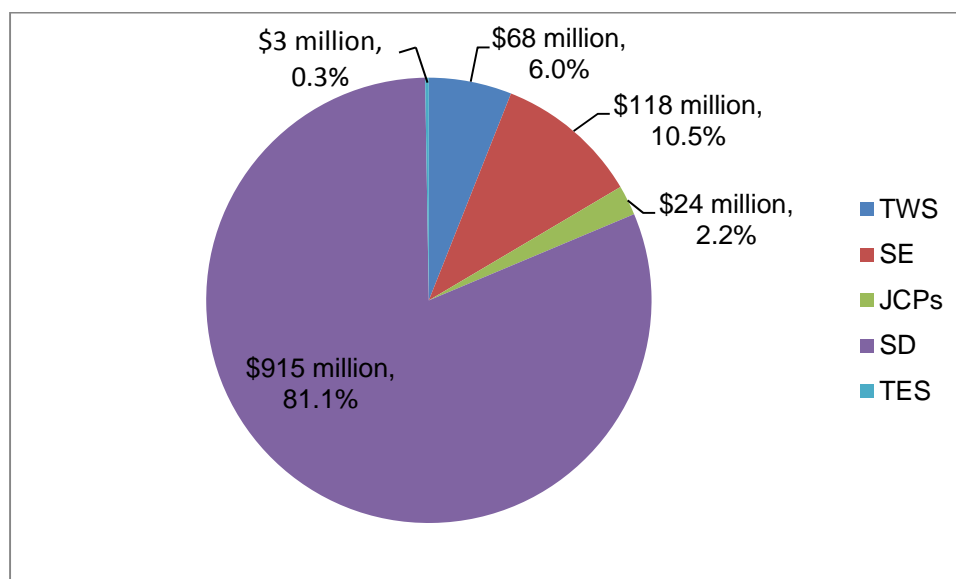


Source: Canada Employment Insurance Commission, [2012/13 Employment Insurance Monitoring and Assessment Report](#), Sub-Section 2.2, Age Distribution, 2014.

21 EIMAR, Chapter 2, Sub-Section 2.2, Age distribution.

In 2012–2013, a total of \$2.03 billion was spent on EBSMs. Expenditures on employment benefits, mainly on skills development programs, decreased 2.6 percentage points from the prior year, while remaining the largest expenditure. Figure 3 shows the cost for key labour market programs offered through EBSMs, namely the Targeted Wage Subsidies (TWS), Self-Employment (SE), Job Creation Partnerships (JCPs), Skills Development (SD) and Targeted Earnings Supplements (TES).

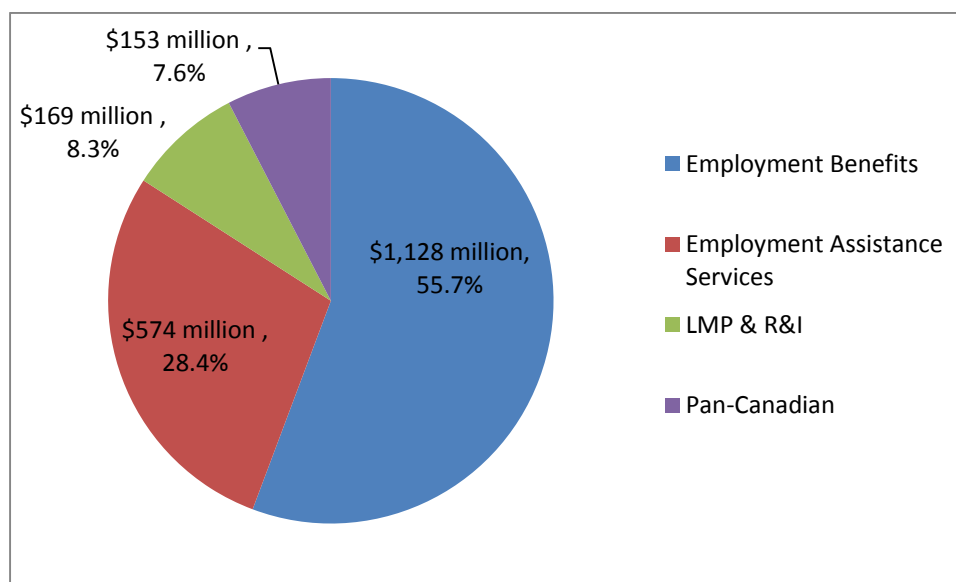
Figure 3 – Employment Benefits Expenditures by Intervention, 2012–2013 (\$ million)



Source: Canada Employment Insurance Commission, [2012/13 Employment Insurance Monitoring and Assessment Report](#), Chapter 3, Section 3, Interventions: Employment Benefits, 2014.

On the other hand, “EAS expenditures increased by 1.6% and represented a greater share of the overall expenditures (+1.3 percentage points).”²² Figure 4 shows EBSM expenditures including employment benefits and employment assistance services, as well as labour market partnerships (LMP) and research and innovation (R&I).

Figure 4 – EBSM Expenditures, 2012–2013 (\$ million)



Source: Canada Employment Insurance Commission, [2012/13 Employment Insurance Monitoring and Assessment Report](#), Chapter 3, Section 5, Expenditures, 2014.

Pan-Canadian activities are the responsibility of ESDC and delivered using EI Part II funds. They include Aboriginal Programming; enhancing investments in Workplace Skills; finding innovations and supporting agreements with provinces/territories and Aboriginal Peoples; and labour market information service.²³

C. Other labour market agreements

Labour Market Agreements (LMAs), Labour Market Development Agreements for Persons with Disabilities, and the Aboriginal Skills and Employment Training Strategy complement the LMDAs. These three measures target groups of vulnerable workers.

Non-EI eligible individuals can receive skills development and training services provided under LMAs. Employed individuals who lack essential skills and have low levels of literacy are also eligible to receive skills development and training funded through LMAs. Bilateral agreements have been signed with all 10 provinces and 3 territories. The LMAs provide \$500 million per year in funding to provincial and territorial governments to cover the costs of these services. The goal of LMAs is similar to that of the LMDAs; funding is intended to increase labour force participation of under-represented groups and to ensure that these groups have the right skills to compete in the labour market.²⁴

²³ EIMAR, Chapter 3, Section IV, Pan-Canadian Activities and the National Employment Service.

²⁴ ESDC, [Canada's Labour Market Agreements: A National Report for 2008/09 and 2009/10](#); and [Labour Market Agreements](#).

The federal government also transfers funding to provinces through the Labour Market Agreement for Persons with Disabilities, to support labour market programming and services that have the same overarching goal of increasing employability of persons with disabilities and their employment opportunities. These bilateral agreements for persons with disabilities are set to expire in 2014, thus a new generation of these agreements is currently being negotiated.²⁵

With regards to labour market programming for Aboriginal people, a responsibility that falls within federal jurisdiction, one key program is the Aboriginal Skills and Employment Training Strategy (ASETS). Among others, the strategy aims to increase employment and employability of First Nations, Inuit, and Métis by supporting demand-driven skills development, fostering partnerships with the private sector and the provinces and territories, and emphasizing increased accountability and results. Aboriginal bands and organizations who sign agreements to deliver programming under the Aboriginal Skills and Employment Training Strategy are known as ASET holders. The latter receive funding that enables them to offer employment services in line with the goals set for ASETS. Funding for this strategy also includes dollars for delivering services under LMDAs. The Canada Employment Insurance Commission in its 2012/13 EIMAR reported the following on Aboriginal clients.

Aboriginal people participated in 70,004 EBSM interventions, 24.3% more than the previous year. Aboriginal people also participated in 6.7% of all EBSM interventions delivered in 2012/13, including programming delivered through ASETS. A total of 56.9% of Aboriginal clients participated as non-insured clients. Aboriginal participation in Employment Benefits fell from 4.6% to 4.0% year over year.²⁶

The Aboriginal groups that appeared before the Committee suggested that the new generation of LMDAs should have more funding earmarked for Aboriginal people.

The price of funding will be paid back in building a dynamic future for First Nations people of our land and all Canadians. With the proper investment and support by the federal government, we can meet our mutual goals, and we can build stronger communities and a stronger Canada.²⁷

Nelson Leon
Adams Lake Indian Band

ASETS is scheduled to end in March 2015. ESDC is consulting with ASETS holders, service delivery organizations, national Aboriginal organizations, provinces and territories, major employers, and other stakeholders on the renewal of Aboriginal labour market programming. The Committee studied this topic and provided its recommendations

25 ESDC, [Departmental Performance Report 2012–13](#), Supplementary Information Tables, Details of Transfer Payment Programs, 6, Labour Market Agreements for Persons with Disabilities, 2014.

26 EIMAR, Chapter 3, Sub-Section 2.3, Designated Groups.

27 HUMA, *Evidence*, 2nd Session, 41st Parliament, 27 May 2014, 0955.

in the report [*Opportunities for Aboriginal Persons in the Workforce*](#) tabled in the House of Commons in May 2014.²⁸

D. Recommendations for the new generation of Labour Market Development Agreements

Overall, witnesses told the Committee that the LMDAs are flexible, relevant, responsive and cost-effective. They stated that they provide essential training that is pertinent to the labour market, and that produces good outcomes for some key measures. Some witnesses mentioned that the renewal of the LMDAs is a good opportunity to review training programs currently offered to ensure that they are still meeting the needs of workers and employers, and to make changes where necessary. Many witnesses stated that it was very important to maintain flexibility in the new generation of LMDAs to allow provincial and territorial governments to adjust their training to the needs of their population.

Provincial governments, as well as their regional and local offices, have now developed a significant capacity, expertise, and knowledge in the policy domain. The current agreements have provided provinces with enough flexibility to match programming to local conditions, thereby improving program effectiveness.²⁹

Donna Wood
As an Individual

RECOMMENDATION 1

The Committee recommends that the federal government in collaboration with provincial and territorial governments ensure the Labour Market Development Agreements provide flexibility to allow jurisdictions to tailor programs to the needs of their local labour markets.

RECOMMENDATION 2

The Committee recommends that the federal government in collaboration with provincial and territorial governments conduct a review of the effectiveness of current programming, while respecting the general guidelines set in the *Employment Insurance Act*.

Raising awareness about the training funded by LMDAs is another challenge that was brought up during the course of the study. The Committee was told that better information about LMDAs should be provided to target groups, including employers and workers, to increase their participation in training programs. Raising awareness of employers is discussed in Chapter 6. For example, Mary-Lou Donnelly, Commissioner for Workers, Canada Employment Insurance Commission, told the Committee that:

28 HUMA, [*Opportunities for Aboriginal Persons in the Workforce*](#), 2nd Session, 41st Parliament, Report 4, May 2014.

29 HUMA, *Evidence*, 2nd Session, 41st Parliament, 10 June 2014, 0855.

It's another one of our issues that we really see when we talk to people about LMDAs; they don't know that the money's there. They don't know it exists. Employers don't know about it. Employees don't know about it.³⁰

Mary-Lou Donnelly
Canada Employment Insurance Commission

A few witnesses also mentioned that the new generation of LMDAs should be easy to administer, cost-effective and have less bureaucratic paperwork to facilitate the involvement of target groups that can benefit from the training programs and other activities in the LMDAs.

Many witnesses asked for increased funding of LMDAs. One of the reasons expressed to the Committee to explain the need for further funding was that the amounts transferred to provincial and territorial governments have remained stagnant since the signing of the first bilateral agreement in 1996 but on the other hand, labour market and training demands have evolved substantially. For example, the Commissioner for Workers stated that:

Labour stakeholders are in support of increasing the funds for the LMDAs. The EI Act allows for up to 0.8% of total insurable earnings, which translates roughly as \$4.4 billion, to be spent on LMDA funding, yet we are currently only using \$1.9 billion. Because there hasn't been an increase of this amount since the inception of the LMDAs, the same amount of dollars in 2014 does not go as far as they did in 1996.³¹

Mary-Lou Donnelly
Canada Employment Insurance Commission

RECOMMENDATION 3

The Committee recommends that the federal government consider increasing the amount of funding to be transferred to provincial and territorial governments' Labour Market Development Agreements subject to clear demonstration of Employment Insurance savings to the operating account and premium payers.

The Hon. Jason Kenney, minister of ESDC, discussed the need for provinces and territories to demonstrate the EI savings generated by their LMDA programming:

[T]o prove that the LMDA programming generates EI savings is an issue we've raised. Right now EI claimants are using about two-thirds of their part one benefits before returning to work. What more can be done to get people to return to work more quickly and thereby reduce net EI spending?

Really, what I'm raising here is the possibility of paying for results; that is to say, if provinces can reach out proactively to the recently unemployed, get them good

30 HUMA, *Evidence*, 2nd Session, 41st Parliament, 3 June 2014, 1025.

31 Ibid., 0950.

programming and back into work right away, it will have the effect of reducing the payout of EI benefits to them.

Perhaps we should acknowledge that saving to the EI fund by giving a pay for performance bonus, as it were, to the province or the program delivering those results. We see pay for performance becoming a very interesting initiative in many countries and it seems to be producing pretty good results. Is there some way we can measure performance and perhaps compensate provinces that get the recently unemployed back to work faster?³²

Hon. Jason Kenney
ESDC

RECOMMENDATION 4

The Committee recommends that the federal government in discussion with provincial and territorial governments consider adding a clause in the re-tooled Labour Market Development Agreements requiring the funding to be reviewed every set number of years based on demonstrated savings to the Employment Insurance account.

Others talked about the need to modernize the allocation formula for LMDA funding. For example, Matthew Mendelsohn, Director, Mowat Centre, mentioned the fact that the allocation formula is not up-to-date and that as a result provinces and territories are not necessarily getting their fair share of LMDA funding.

The allocation of the LMDA is based on no fair or rational allocation formula, nor is the allocation formula well described publicly. One of the main reasons for the skewed distribution of LMDA funding, which discriminates against Ontario's unemployed who are seeking to get job training, is that \$800 million, almost half of the LMDA funding, is allocated between provinces based on the relative impact on different provinces of the EI reforms in 1996.

...

[T]he 1996 formula has to be updated. It has to be more in line with the contributions made by provinces, or it has to be per capita, or it has to be really needs-based, but right now tying it to changes from 1996 makes no sense.³³

Matthew Mendelsohn
Mowat Centre

The Committee also heard from Marie France Kenny, president of the Fédération des communautés francophones et acadienne du Canada (hereafter "the Fédération") who explained that LMDAs have language provisions to ensure that provincial governments in receipt of LMDA funding respect their obligations under the *Official Languages Act*. The latter includes a requirement that federal offices communicate and deliver services in both French and English where the numbers justify it (part IV of the Act)

32 HUMA, *Evidence*, 2nd Session, 41st Parliament, 1 May 2014, 0955.

33 HUMA, *Evidence*, 2nd Session, 41st Parliament, 29 May 2014, 0850 and 0905.

and provide positive measures (part VII of the Act) to ensure that the francophone communities have access to the kinds of training that they are looking for and the supports they need to search for employment. Under the LMDAs, these obligations are devolved to the provincial and territorial governments delivering the training programs and services.³⁴

While the Fédération pointed out that “during the negotiations on the renewal of labour market agreements, the federal government showed leadership on the inclusion of firm and clear language clauses”³⁵, its main criticism had to do with the implementation of these obligations, which is imperfect in their view. The Fédération is disappointed with the lack of accountability measures in the agreements, as provincial and territorial governments do not account for what actions they have taken in respect of their linguistic obligations in their annual reports on LMDAs.

34 HUMA, *Evidence*, 2nd Session, 41st Parliament, 10 June 2014, 0845.

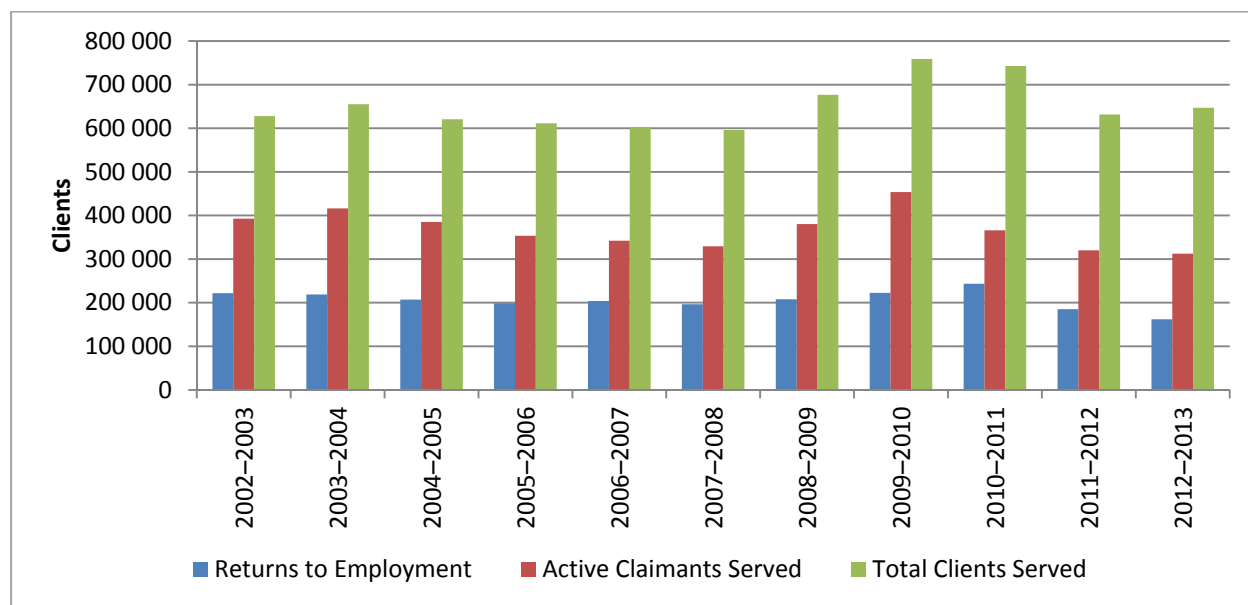
35 Ibid.

CHAPTER 2 – STRENGTHENING ACCOUNTABILITY UNDER LABOUR MARKET DEVELOPMENT AGREEMENTS

A. Employment and Monitoring Assessment Report

The Canada Employment Insurance Commission's EIMAR provides an overview of EBSMs and their results based on selected performance indicators. The key indicators are the number of active claimants served; the number of EI clients who return to employment; total clients served; and the amount of unpaid Part 1 EI benefits resulting from a client's return to work. Figure 5 illustrates the change in the first three indicators from 2002–2003 to 2012–2013. Figure 6 shows the amount of unpaid EI benefits as a result of a return to employment.³⁶

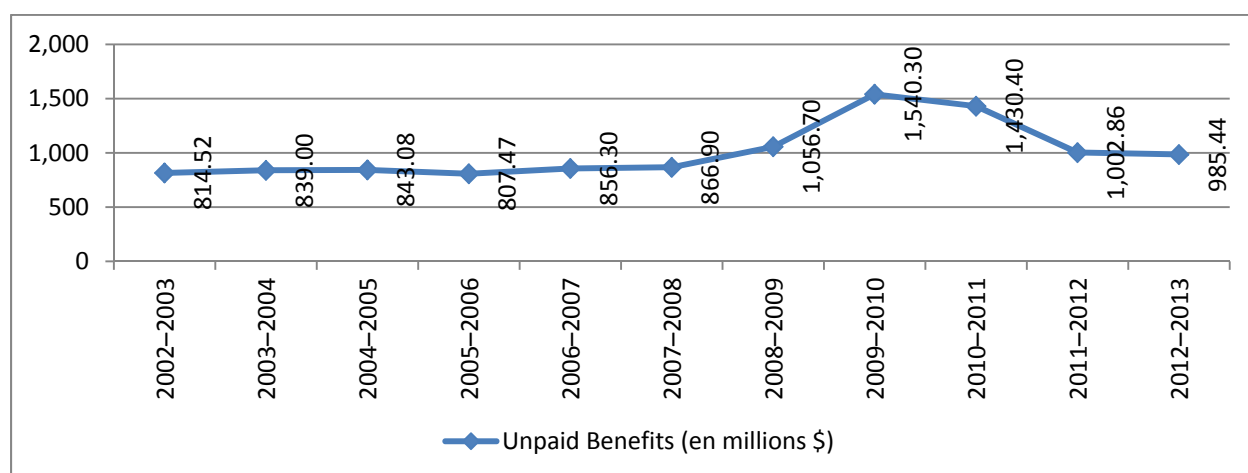
Figure 5 – Selected LMDA Performance Indicators, 2002–2003 to 2012–2013



Source: Canada Employment Insurance Commission, [2012/13 Employment Insurance Monitoring and Assessment Report](#), Chapter 3, Section 6, Key Performance Indicators, 2014.

36 EIMAR, Chapter 3, Section 6, Key Performance Indicators, 2014.

Figure 6 – Unpaid EI Benefits (\$ Million), 2002–2003 to 2012–2013



Source: Canada Employment Insurance Commission, [2012/13 Employment Insurance Monitoring and Assessment Report](#), Chapter 3, Section 6, Key Performance Indicators, 2014.

An annual analysis of net impacts and outcomes of EBSMs published in the 2012/13 EIMAR revealed the following results, among others:

1. SD participation increased employment earnings of active claimants. It led to the largest net employment earnings increases among all EBSMs. The incidence of employment of active claimants also increased. It is notable that these net impacts on earnings and employment continuously grew over the five years that followed the end of the claimants' participation in an SD program. "SD also reduced the use of EI for active claimants."³⁷
2. TWS active claimants increased their earnings over the five years that followed the completion of their intervention. They were also more likely to be employed after benefiting from a TWS work experience. "Their use of EI increased modestly after participation, but mainly in the fourth and fifth years after the program end."³⁸
3. SE participants saw a decrease in employment earnings and incidence of employment after taking part in this measure. The size of the impact diminished over time. However, the analysis provides only a partial picture of SE's effectiveness. The evaluation does not capture the influence of other factors such as success in business on SE participants' accomplishments.³⁹

37 EIMAR, Chapter 3, III. National Evaluation of EBSM Medium-Term Incremental Impacts, Section 2.1, Skills Development (SD), 2014.

38 EIMAR, Section 2, Active Claimants: Incremental Impact Results, Sub-Section 2.2, Targeted Wage Subsidies (TWS).

39 EIMAR, Sub-Section 2.3, Self-Employment (SE).

4. JCP active claimants increased their employment earnings, and the incidence and duration of employment during the five years that followed their participation. As for the need for EI benefits, this measure decreased both in terms of the amount of EI collected and the number of weeks in receipt of benefits by individuals who participated in a JCP intervention. However, these last results were only statistically significant for the first two years following participation.⁴⁰
5. EAS active claimants⁴¹ saw a decrease in their employment earnings in the first two years following their participation but their earnings started to slowly increase in the third year. Overall, the impact of EAS on earnings was limited. Active claimants had incremental increases in their incidence of employment in year two to five following their participation in EAS. “The use of EI decreased in all years after participation.... Overall, the increases in incidence of employment and the decreases in EI use indicate that active claimants found employment following their participation in EAS-only.”⁴² Their employment was also likely to be maintained over the five years post-intervention.

B. Framework for a renewed accountability and evaluation policy for Labour Market Development Agreements

1. Annual provincial and territorial reports on delivery of Employment Benefits and Support Measures

Under LMDAs, provincial and territorial governments report annually on the implementation of their plans to deliver EBSM-similar programming, activities and results. They are also required to develop an evaluation framework jointly with the federal government and subsequently carry out evaluations of their programs to determine their impacts and outcomes. The Hon. Jason Kenney, Minister of ESDC, confirmed to the Committee that there has not been a full evaluation done of all the LMDAs.⁴³ Even though there is some accountability already built into the LMDAs, many witnesses told the Committee that there are reporting limitations and gaps. Some stated that data collection is neither consistent nor reliable.

Many witnesses criticized annual reports that only provide information on spending, activities and results at a broad level. At this point in time, witnesses stated that it is

40 EIMAR, Sub-Section 2.4, Job Creation Partnerships (JCP).

41 “EAS are often delivered in combination with Employment Benefits, but some participants may receive only one or more services under EAS without accessing other EBSMs. The incremental impacts were examined for the active claimants who participated only in EAS (referred to as EAS-only).” EIMAR. Sub-Section 2.5, Employment Assistance Services (EAS).

42 EIMAR, Sub-Section 2.5, Employment Assistance Services (EAS).

43 HUMA, *Evidence*, 2nd Session, 41st Parliament, 1 May 2014, 0955.

impossible to make interprovincial/territorial comparisons and that no national picture of labour market programming emerges from annual provincial/territorial reports on LMDAs.

[I]t is nearly impossible to know the true impacts of the nearly \$2 billion in annual LMDA training expenditures. The data available for the amount of money invested through LMDA is currently and has always been very vague.⁴⁴

Mathew Wilson
Canadian Manufacturers and Exporters

I would argue that the [EI] monitoring and assessment report is probably the best place for information ... because it's the only place you can try to get consistent data. When I've gone back and tried to look at the annual reports that the various provinces are submitting to Ottawa, it's frankly been hard to tell what the outcomes are.⁴⁵

Tyler Meredith
Institute for Research on Public Policy

At least one business association has worked hard to garner information about LMDA-funded programs for its members by visiting ESDC and provincial and territorial websites, writing to ministers involved, and consulting the monitoring and assessment report. Despite doing this, they have found it virtually impossible to get a concrete picture of what programs are offered using LMDA money that may apply in their industry, let alone how well that money is being spent.⁴⁶

Judith Andrew
Canada Employment Insurance Commission

Witnesses who suggested improving the evaluation process indicated that there is a need for better and more specific data to be collected. Without the proper data, a thorough program evaluation cannot be completed. Some stated that this issue needs to be resolved in the next generation of LMDAs. A few witnesses advocated for the creation of a pan-Canadian research institute that would be dedicated to collecting and analyzing data related to labour market programming and policies in the renewed LMDAs as well as labour market information. This is discussed in the next chapter on improving labour market information. On the other hand, the Canadian Federation of Independent Business asked for a "public accounting of how the LMDA funds are used."⁴⁷ Michael Mendelson, Senior Scholar, Caledon Institute of Social Policy, summarized the concerns expressed by many witnesses:

Good evaluation requires third-party objective review where it's possible, randomized controls, and rigorous statistical and economic analysis. We need to know what is working well and what is not, what makes financial sense and what does not, not as a way of attaching blame but as a way of improving our programs.

44 HUMA, *Evidence*, 2nd Session, 41st Parliament, 27 May 2014, 0845.

45 HUMA, *Evidence*, 2nd Session, 41st Parliament, 13 May 2014, 0940.

46 HUMA, *Evidence*, 2nd Session, 41st Parliament, 3 June 2014, 0935.

47 HUMA, *Evidence*, 2nd Session, 41st Parliament, 15 May 2014, 0950.

The federal government should be requiring high standards for evaluation and should be aggressively promoting best practices.⁴⁸

Michael Mendelson
Caledon Institute of Social Policy

2. Labour Market Partners' Forums

Barbara Byers, secretary-treasurer, Canadian Labour Congress, suggested that accountability could be strengthened in three areas. First, by establishing a "Labour Market Partners Forum with representation from key stakeholders including government, labour, employers, education and community organizations;" second, by expanding performance indicators "to measure the number of participants receiving a certificate or credential, the duration of employment and earnings for participants returning to the labour market;" and third, by requiring that annual LMDA reports by provinces and territories be submitted to provincial and territorial legislatures and include "reporting requirements which would allow for comparison of outcomes across jurisdictions."⁴⁹

The recommendation to create labour market partners' forums was supported by many witnesses; some of whom argued that the current lack of collaboration and coordination between and among federal and provincial/territorial partners and other stakeholders could be corrected by the establishment of these forums. Others expressed a need for a federal labour market partners' forum to play a very broad role, from identifying successful training and gaps in labour market programming to the establishment of spending priorities. Several witnesses provided testimony on this topic:

My second point relates to the limited extent of collaboration and coordination between and among federal and provincial partners. For various reasons, since the introduction of the LMDAs in the 1990s, transfers and policy-making have proceeded on a bilateral basis between the federal government and each province or territory. While this is not unique to the area of labour market policy, it has in many respects inhibited responsiveness to labour market concerns at the national level.⁵⁰

Tyler Meredith
Institute for Research on Public Policy

A permanent federal labour market partners' forum should be established to contribute to the successful training initiatives and to identify other labour market measures that are needed as part of a new Canadian job strategy.

...

48 HUMA, *Evidence*, 2nd Session, 41st Parliament, 29 May 2014, 1000.

49 Canadian Labour Congress, Letter to the Hon. Phil McColeman, M.P., Chair, HUMA, 14 May 2014.

50 HUMA, *Evidence*, 2nd Session, 41st Parliament, 13 May 2014, 0855.

Provinces or territories without a labour market forum should be required to establish a forum with one of its responsibilities being an annual review and advice on how the LMDA and LMA spending priorities are made.⁵¹

Cammie Peirce
Unifor

In discussion with labour stakeholders, it is clear that consultation is key. To that end, the labour side feels very strongly that labour market partners forums be established in all jurisdictions, with representation from government, labour, employers, education training providers, and community organizations.⁵²

Mary-Lou Donnelly
Canada Employment Insurance Commission

As an alternative, some argued for a greater role to be given instead to the Forum of Labour Market Ministers which currently engages “in intergovernmental collaboration on issues relating to Canadian labour markets, Canadian employers, and Canadian workers.”⁵³ Donna Wood, Adjunct Assistant Professor, University of Victoria, appearing as an individual, suggested that the federal, provincial and territorial governments work together to reform and expand the Forum of Labour Market Ministers with a mandate to act as a multilateral, pan-Canadian intergovernmental forum responsible for consulting on and determining all aspects of employment training and policy in Canada. She believes that the Forum of Labour Market Ministers Secretariat should be made permanent and that it should build formal linkages with businesses, unions, communities, experts, Aboriginal organizations and other intergovernmental forums (e.g., the Council of Ministers of Education).⁵⁴

Witnesses would like to see the renewal process of LMDAs include an overhaul of the monitoring and governance mechanisms, which would go beyond bilateral policy-making to actually enable provincial and territorial labour market partners’ forums and an active pan-Canadian forum for planning, priority setting, and intergovernmental collaboration and innovation. These mechanisms would be permanent and meet on a regular basis.

RECOMMENDATION 5

The Committee recommends that the federal government with provincial and territorial governments consider expanding the mandate of the Forum of Labour Market Ministers given the needs of the evolving labour market.

51 HUMA, *Evidence*, 2nd Session, 41st Parliament, 15 May 2014, 0955.

52 HUMA, *Evidence*, 2nd Session, 41st Parliament, 3 June 2014, 0950.

53 Forum of Labour Market Ministers, [Welcome to the Forum of Labour Market Ministers Website!](#)

54 HUMA, *Evidence*, 2nd Session, 41st Parliament, 10 June 2014, 0900.

Michael Mendelson, Senior Scholar, Caledon Institute of Social Policy, stated that “Ottawa is the steward of these funds [EI funds] and has the right to insist on more accountability on behalf of EI contributors.... [G]overnments should work together to develop uniform reporting standards so a national picture can be obtained.”⁵⁵ Many witnesses agreed with this recommendation, for instance:

In the recent debate about the Canada Job Grant, there was a lot of discussion on who is responsible for training. Let me answer. We all are, and the solutions are local, provincial, and national. This is why we strongly support a federal government that sets standards and requires clear and tangible deliverables for the funding it gives.⁵⁶

Serge Buy
National Association of Career Colleges

While we recognize that labour market needs differ significantly from region to region, we believe that there needs to be national standards and some type of mechanisms in place that would result in better sharing of information among jurisdictions with regard to priorities, plans, and result.⁵⁷

Joyce Reynolds
Restaurants Canada

Many witnesses asked for the development of accountability standards that would guide the production of provincial and territorial annual reports on LMDAs. Based on the testimony, these reports should be more transparent, outline performance measurement and outcomes, and provide for comprehensive public accountability. The standards should allow for comparable high quality annual reporting on the training programs and other activities funded by LMDAs.

RECOMMENDATION 6

The Committee recommends that the federal government in collaboration with provinces and territories develop a coherent set of guiding principles and accountability standards to be included in the new generation of Labour Market Development Agreements.

Other witnesses told the Committee that there should be enough flexibility in reporting on outcomes to allow for the collection of data coming from various sources. Best practices and data collected by service delivery organizations, business and labour should be channelled up to the provincial and territorial departments that are signatories of LMDAs to enhance the sharing of information and annual reporting. In addition, witnesses

55 Michael Mendelson, *Labour Market Development Agreements (LMDAs) and the Federal Role in Labour Programs*, Presentation to the House of Commons Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities (HUMA), 26 May 2014, Caledon Commentary, Caledon Institute of Social Policy, June 2014.

56 HUMA, *Evidence*, 2nd Session, 41st Parliament, 6 May 2014, 0950.

57 HUMA, *Evidence*, 2nd Session, 41st Parliament, 12 June 2014, 0940.

mentioned to the Committee that the role of the federal government should be to set a national vision and broad operational parameters to guide reporting on outcomes.

We are unanimous in our belief that the provinces and territories are better equipped to be responsive to regional and local labour market issues and that the role of the federal government is best suited to set the vision and the broad operational parameters. At present there is no Canada-wide framework on goals, objectives and measures.... Each training agreement has different accountability provisions, making it almost impossible to paint a pan-Canadian picture to better inform the policy realm. Under these agreements there are no formal ways for business, labour, or the CBT [community-based employment and training] agencies to provide consistent and meaningful data to the system it is meant to serve.⁵⁸

Chris Atchinson
Canadian Coalition of Community-Based Employability Training

Make information on all LMDA-funded programs, provincial and federal, and the results of these programs easily accessible for review and sharing by employers, allowing for as much flexibility as possible in labour market development agreements in order to accommodate the regional and sector-specific needs and opportunities.⁵⁹

Bard Golightly
Canadian Home Builders' Association

Many witnesses raised the Quebec model as an example of active participation by employers, workers and service delivery organizations in the overarching labour market development strategy of the province; a best practice in terms of partnerships. Alain Noël, Professor, Department of Political Science, Université de Montréal, testifying as an individual, described the Quebec model:

Quebec has had its own way of using the agreements and it has proved fruitful. In 1997, following agreements signed with the federal government, the Government of Quebec created Emploi-Québec, a complex structure that brings together all of the partners, employers, unions, the education sector, community organizations, regions, as well as committees that focus on particular needs, such as those of youth, disabled persons and those who are being released from jail.

Emploi-Québec managed the funds it obtained through the Labour Market Development Agreements. It also managed additional funds from the Quebec government to allow persons who were not entitled to employment insurance benefits to have access to training through labour market integration programs....

The very systematic studies carried out by Emploi-Québec demonstrated that the program had very beneficial effects. Labour market integration programs worked for people who, for instance, were receiving employment insurance benefits. The difference

58 HUMA, *Evidence*, 2nd Session, 41st Parliament, 13 May 2014, 0950.

59 HUMA, *Evidence*, 2nd Session, 41st Parliament, 3 June 2014, 0850.

was even greater for people who were receiving social assistance. They were the ones who benefited the most from these programs.⁶⁰

Alain Noël
As an Individual

Many witnesses praised the Quebec model and suggested that as a best practice it could guide the development of labour market partners' forums. The role of employers in the Quebec model and other best practices are explained in Chapter 6.

The Quebec model does work well. Emploi-Québec sits down at the table with people from business, education, from ministries and from the community sector. We all sit down to work together in order to respond to the challenges of the labour market and craft an action plan.⁶¹

Monique Sauvé
Réseau des carrefours jeunesse-emploi du Québec

Another element is that different provinces have different approaches to partnerships. Quebec, of course, is the leader on that one, in how their labour market partners' council works.⁶²

Donna Wood
As an Individual

The Hon. Jason Kenney, Minister of ESDC, further raised the possibility of providing a “pay-for-performance bonus” to a provincial/territorial government or for a specific program that is effective in delivering savings to the EI fund by helping EI claimants quickly return to work. However, the Minister acknowledged that at the present time the performance measures are insufficient and do not provide the kind of data needed to determine which provinces/territories or programs should be offered a performance bonus for saving dollars to the EI fund.⁶³

Jean-Denis Fréchette, Parliamentary Budget Officer, Library of Parliament, told the Committee that, as a result of the lack of good data, reliable, and more granular labour market information, it is very difficult to evaluate labour market training programs and determine their influence on relieving labour market pressures associated with labour shortages and skills mismatches in certain regions and/or occupations. The current data can only allow for an examination of the impact on labour supply.⁶⁴ The next chapter will discuss in more detail the concerns related to labour market information and make recommendations to improve the latter.

60 HUMA, *Evidence*, 2nd Session, 41st Parliament, 12 June 2014, 0950.

61 HUMA, *Evidence*, 2nd Session, 41st Parliament, 13 May 2014, 1035.

62 HUMA, *Evidence*, 2nd Session, 41st Parliament, 10 June 2014, 0940.

63 HUMA, *Evidence*, 2nd Session, 41st Parliament, 1 May 2014, 1000.

64 Office of the Parliamentary Budget Officer, *Opening Remarks by Jean-Denis Fréchette, Parliamentary Budget Officer, to the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities*, 5 June 2014.

CHAPTER 3 –CANADIAN LABOUR MARKET INFORMATION

Job seekers, students, apprentices, employers, policy experts and the federal and provincial/territorial governments all need Canadian labour market information to make the best possible decisions with respect to careers, training, hiring, identifying best practices and using public funds.

While several sources of Canadian labour market information are available, the evidence heard by the Committee broadly suggests that there are still a number of gaps, and all orders of government and other stakeholders should work together to come up with a better Canadian labour market information system.

A. Recent studies

Over the course of its proceedings, the Committee identified two recent studies regarding the information available on the Canadian labour market. The key findings of these studies are presented in this sub-chapter.

In May 2009, the Advisory Panel on Labour Market Information, led by Don Drummond, released a report, *Working Together to Build a Better Labour Market Information System for Canada*, which includes a total of 69 recommendations in seven areas:

1. Governance: The Forum of Labour Market Ministers should assume the leadership role and provide the broad strategic direction needed to manage and coordinate Canada's overall labour market information system.
2. Data collection: Statistics Canada should fill in the main gaps in the national labour market information system and work with the provinces/territories to fill the gaps that are more specific to their circumstances.
3. Data analysis and interpretation: The various orders of government should improve the analysis and interpretation of labour market data to make sure the information is relevant, well targeted to different types of users and easy to understand.
4. Raising awareness of labour market information: Once a better labour market information system has been built, a major effort needs to be undertaken by the Forum of Labour Market Ministers, Statistics Canada and the federal and provincial/territorial governments to ensure that Canadians are aware of the available labour market information and its various uses.

5. Data dissemination: The Forum of Labour Market Ministers, Statistics Canada and the federal and provincial/territorial governments should improve the dissemination of labour market information by making it more easily accessible, timely and user-friendly.
6. Funding: The federal and provincial/territorial governments should contribute financially to improving the labour market information system. Statistics Canada should provide all basic national labour market statistics free of charge on its website.
7. Implementation: The Forum of Labour Market Ministers should produce a report on the implementation status of each of the recommendations contained in the Advisory Panel on Labour Market Information report within one year.⁶⁵

At that time, the Advisory Panel on Labour Market Information estimated that the annual cost of implementing its recommendations would be \$49.4 million (in 2009 dollars).⁶⁶

In June 2014, Don Drummond released a second study, *Wanted: Good Canadian Labour Market Information*, stating that even though about two thirds of the recommendations in the Advisory Panel on Labour Market Information report have been or are being implemented by the federal and provincial/territorial governments, no organization is currently responsible for coordinating the pan-Canadian labour market information system. Moreover, almost five years since the report was released, the Forum of Labour Market Ministers has still not prepared a follow-up report on implementing the recommendations.⁶⁷

When asked about how ESDC has acted on the Advisory Panel on Labour Market Information's recommendations, ESDC Deputy Minister Ian Shugart said that the Department followed up on the report as a whole rather than on each of the recommendations. Further to the report's release, the Department has worked with Statistics Canada, Finance Canada and the Bank of Canada to improve the quality and scope of Canadian labour market data. Mr. Shugart gave the example of job vacancy data recently developed with Statistics Canada.⁶⁸

65 Advisory Panel on Labour Market Information, [Working Together to Build a Better Labour Market Information System for Canada](#), Final Report, 20 May 2009.

66 Ibid.

67 Don Drummond, [Wanted: Good Canadian Labour Market Information](#), Institute for Research on Public Policy, June 2014.

68 HUMA, *Evidence*, 2nd Session, 41st Parliament, 6 May 2014, 0920.

B. Data on labour demand and supply in Canada

In order to make good public policy decisions with regard to the labour market, the federal and provincial/territorial governments need current data on labour demand by employers and labour supply by job seekers by region, industry and occupation. Without these data, it may be rather difficult to effectively address issues surrounding the matching of job seekers with available jobs in some regions, industries and occupations.

The evidence heard by the Committee suggests that data on labour demand are not as reliable or consistent as data on labour supply. For instance, Mostafa Askari, Assistant Parliamentary Budget Officer, Economic and Fiscal Analysis, Library of Parliament, said that while there are currently very good data on labour supply in Canada which are being used by the employment insurance program for different regions, there are not any data of equivalent quality on labour demand.⁶⁹

The ESDC Minister and Deputy Minister acknowledged that the Canadian labour market information system is currently inadequate and could be improved.

I'll just repeat what I've been saying as long as I've been in this position. We have an inadequate system of labour market information. What we do know from it is that we do not have a general labour shortage in Canada. We do not have a general labour shortage in this country. If we did have a general labour shortage, it would be reflected in the price of labour. We would have seen faster increases in wages than we have since the downturn. However, I think the aggregate national labour market information is not adequately identifying the skills gaps in particular regions and industries. Every business organization of employers in the country identifies skills gaps or skills shortages as their most important challenge.⁷⁰

Hon. Jason Kenney
ESDC

We are not satisfied, as public servants in the department, that we are currently providing the government, Parliament, the country, employers, etc., with labour market information and learning information as good as needs to be done, and we are committed to doing that.⁷¹

Ian Shugart
ESDC

Jean-Denis Fréchette, Parliamentary Budget Officer, Library of Parliament, told the Committee that research by the Office of the Parliamentary Budget Officer, which is based on currently available aggregate labour market data, does not reveal any evidence in support of a national labour shortage in Canada. He did say that this does not necessarily mean there are no problems matching job seekers with jobs available in some regions,

69 HUMA, *Evidence*, 2nd Session, 41st Parliament, 5 June 2014, 0905.

70 HUMA, *Evidence*, 2nd Session, 41st Parliament, 1 May 2014, 1005.

71 HUMA, *Evidence*, 2nd Session, 41st Parliament, 6 May 2014, 0920.

industries or occupations.⁷² Mr. Askari added that the detailed data needed to answer these questions were not currently available.⁷³

Mr. Fréchette gave three examples of gaps in labour demand data. First, no job vacancy data extend back further than the first quarter of 2004 and therefore do not go over a full business cycle. Second, job vacancy data come from three main sources: Statistics Canada, the Conference Board of Canada, and the Canadian Federation of Independent Business. These data are gathered, compiled and presented very differently, and the way they are interpreted depends on the sources used and the treatment of anonymous postings. Third, with the exception of Statistics Canada, none of these sources collects job vacancies data in a manner that corresponds with internationally accepted definitions of employment and unemployment.⁷⁴

Mr. Fréchette also told the Committee about a 2011 Statistics Canada survey, *Workplace Survey: Jobs Vacancies and Skills Shortages*, which has not yet been released due to a lack of resources to validate, analyze and disseminate the results. Although ESDC recently announced funding to complete the work required, Mr. Fréchette said that the results will not shed any light on the state of labour demand at the time the results are ultimately disseminated.⁷⁵

Bard Golightly, President, Canadian Home Builders' Association, recommended that residential trades and occupations be included in the labour market information used by the provinces and territories when designing LMDA-funded training programs.⁷⁶

Michael Atkinson, President, Canadian Construction Association, said that the construction industry preferred to compile their own data, which look forward rather than back, and which he believes are generally more reliable than those provided by the government. Mr. Atkinson then told the Committee that BuildForce Canada is the organization that prepares annual labour market projections for Canada's construction industry, which uses information on regional labour demand in 33 construction trades, and the data are then aggregated nationally.⁷⁷

Michael Mendelson, Senior Scholar, Caledon Institute of Social Policy, stressed how important it is to have labour demand data in real time.⁷⁸ In his view, successfully developing a real-time labour demand information system would require firms to report

72 HUMA, *Evidence*, 2nd Session, 41st Parliament, 5 June 2014, 0855.

73 Ibid., 0915.

74 Ibid., 0855.

75 Ibid., 0900.

76 HUMA, *Evidence*, 2nd Session, 41st Parliament, 3 June 2014, 0850.

77 HUMA, *Evidence*, 2nd Session, 41st Parliament, 5 June 2014, 0955.

78 HUMA, *Evidence*, 2nd Session, 41st Parliament, 29 May 2014, 1005.

their job openings in a coherent way and the data to be provided regularly to the appropriate federal organization.⁷⁹

1. Statistic Canada's mandate regarding labour market information

In order to address gaps on data related to labour demand and, to a lesser extent, labour supply, several witnesses recommended that the government expand Statistics Canada's mandate (and increase its budget accordingly) to include compiling data on labour demand and supply in Canada, by region, industry and occupation.

[I]'ll just underline the importance of a comprehensive, coherent approach to labour market information that makes it useful, understandable, and interpretable for job seekers as well as analysts and researchers. We think Statistics Canada should be given this mandate.⁸⁰

Karen Lior
Toronto Workforce Innovation Group

[W]e need solid data from an institution, from an organization like Statistics Canada to really make informed decisions, not the PBO but parliamentarians and policy-makers, to really make up their minds and make good decisions about future programs. As the old saying goes ... if you cannot measure it, you cannot manage it.⁸¹

Jean-Denis Fréchette
Library of Parliament

[T]he focus should be on Statistics Canada and how they can collect that kind of information. Regarding the survey mentioned—the workplace survey that was conducted in 2011—you need that type of information on a continuous basis. Every year that survey has to be conducted, so that you provide a time series of information on different aspects of the labour market. That would give you the ability and capacity to see exactly what is going on where, in which occupation, in which part of the country. Then you can target your programs in that way. That would be more effective.⁸²

Mostafa Askari
Library of Parliament

The Statistics Canada job vacancy survey is a good start, but it does not provide data by specific occupation, and it lacks regional and local detail. We recommend the federal government increase funding to Statistics Canada so it can develop more detailed labour market data.⁸³

Barbara Byers
Canadian Labour Congress

79 Ibid., 1035.

80 HUMA, *Evidence*, 2nd Session, 41st Parliament, 12 June 2014, 0920.

81 HUMA, *Evidence*, 2nd Session, 41st Parliament, 5 June 2014, 0920.

82 Ibid., 0910.

83 HUMA, *Evidence*, 2nd Session, 41st Parliament, 13 May 2014, 0845.

RECOMMENDATION 7

The Committee recognizes that the government has recently announced two new surveys to monitor labour market information and recommends that the government continue to invest in ways to improve labour market information.

C. Managing and coordinating the pan-Canadian information system on provincial and territorial employment and training programs

Many witnesses told the Committee that ever since the federal government transferred responsibility for employment and training to the provinces and territories, data on provincial and territorial programs are not presented consistently from one province to the next, since nobody is responsible for managing and coordinating the pan-Canadian labour market information system. In their view, one of the leading consequences of this inconsistency is the inability to compare provincial and territorial outcomes so as to identify best practices.

I think the challenge, though, and the very first thing you need to do, is to have consistent data. Provinces and territories can go about and design programs based on a common set of interventions in a way that they believe best meets the needs of their jurisdiction, but if we don't have consistent data in being able to look at what's happening in the system, then it's hard to tell whether what's happening in Manitoba is more effective than what's happening in Ontario or elsewhere.⁸⁴

Tyler Meredith
Institute for Research on Public Policy

The provinces are generally fairly highly resistant to being compared with one another, which is why I think the labour market programming needs to be done in a collaborative fashion between the federal and provincial governments. They can agree to some overall goals, for which they would then be willing to provide information and data.⁸⁵

Donna Wood
As an Individual

While the data needs to be captured at the local level, we believe it has to be coordinated amongst provinces for use at the national level. We also need to collect information on which interventions work and which ones are less effective. This way, comparisons can be made between jurisdictions, and programming and agreements can be adjusted.⁸⁶

Joyce Reynolds
Restaurants Canada

Alain Noël, Professor, Department of Political Science, Université de Montréal, appearing as an individual, recommended that the federal government play a greater role

84 Ibid., 0920.

85 HUMA, *Evidence*, 2nd Session, 41st Parliament, 10 June 2014, 0935.

86 HUMA, *Evidence*, 2nd Session, 41st Parliament, 12 June 2014, 0940.

in the dissemination of Canadian labour market information and the exchange of best practices among the provinces and territories.⁸⁷

The Hon. Jason Kenney, ESDC Minister, said that the federal government is holding talks with the provinces and territories to come up with better performance indicators for evaluating the costs and benefits of provincial and territorial programs. He also stressed that in no way does the federal government want to place an additional administrative burden on the provinces and territories, but instead it is looking to work with them to find a way to collect comparable data in order to determine whether certain programs work better than others.⁸⁸

1. Canadian Institute for Labour Market Information

Donna Wood, Adjunct Assistant Professor, University of Victoria, appearing as an individual, recommended that the federal government create a new federal agency that would play a role similar to that of the Canadian Institute for Health Information (CIHI), but for labour market information. This agency, which could be called the Canadian Institute for Labour Market Information, would be charged with identifying, maintaining and disseminating Canadian labour market information. It would also look after data gathering and analysis for comparative research to identify employment and training best practices among the provinces and territories. The Canadian Institute for Labour Market Information would operate under a collaborative structure similar to that of the CIHI.⁸⁹

When asked about the value of establishing a Canadian institute for labour market Information when the federal government could simply ask Statistics Canada to collect and disseminate more labour market information, Ms. Wood replied that she did not believe Statistics Canada would be able to conduct comparative research on provincial and territorial employment and training programs by having more data models or new surveys.⁹⁰ Furthermore, Donna Wood stated that Statistics Canada would not, as a federal agency, be able to determine the provincial and territorial program objectives and results.

Frédéric Lalande, Director General, Coalition des organismes communautaires pour le développement de la main-d'œuvre, expressed a similar view, saying that the Coalition would be in favour of an initiative similar to the CIHI targeting employability and labour market training measures.⁹¹

RECOMMENDATION 8

The Committee recommends that the federal government in collaboration with provincial and territorial governments study the

87 Ibid., 1000.

88 HUMA, *Evidence*, 2nd Session, 41st Parliament, 1 May 2014, 1000.

89 HUMA, *Evidence*, 2nd Session, 41st Parliament, 10 June 2014, 0900.

90 Ibid., 0920.

91 HUMA, *Evidence*, 2nd Session, 41st Parliament, 13 May 2014, 1010.

benefits and costs of establishing a Canadian institute for labour market information.

Other witnesses suggested that managing and coordinating the Canadian information system could be the responsibility of the federal and provincial/territorial governments, in consultation with stakeholders external to the public sector (e.g., businesses, labour, community organizations) through the labour market forums mentioned in the preceding chapter.

Chris Atchison, Chair, Canadian Coalition of Community-Based Employability Training, said that currently there is no Canada-wide framework on labour market measures and their objectives. The LMDAs, negotiated bilaterally between the federal government and the provinces and territories, do not provide any formal ways for businesses, labour groups or other stakeholders to provide consistent data to the Canadian labour market information system.⁹²

2. Labour market forums

Mary-Lou Donnelly, Commissioner for Workers, Canada Employment Insurance Commission, said that workers support the creation of labour market forums in all provinces and territories.⁹³ Creating these forums, as recommended in the previous chapter, could help identify skills gaps by region and industry or come up with ways to improve the quality and quantity of Canadian labour market information.

Mathew Wilson, Vice-President, National Policy, Canadian Manufacturers and Exporters, told the Committee that his organization is currently working with ESDC on setting up consortia of labour market information. These consortia, a concept similar to labour market forums, would bring employers together with universities and colleges to figure out new ways of collecting and analyzing Canadian labour market information.⁹⁴

92 Ibid., 0950.

93 HUMA, *Evidence*, 2nd Session, 41st Parliament, 3 June 2014, 0950.

94 HUMA, *Evidence*, 2nd Session, 41st Parliament, 27 May 2014, 0910.

CHAPTER 4 – EXPANDING ELIGIBILITY TO EMPLOYMENT BENEFITS

As stated in Chapter 1 of this report, employment benefits offered under LMDAs are available to individuals who qualify for EI benefits and some former claimants, and are funded through EI premiums paid by employees and employers. Complementarily, individuals who do not qualify for EI benefits can access programs through LMAs.

A. Who should qualify for LMDA-funded employment benefits?

Several witnesses told the Committee that LMDA program eligibility should be expanded, particularly to individuals who lose their jobs before being able to accumulate the hours of work required to qualify for EI. The required number of hours of insurable employment to be eligible for EI benefits is currently between 420 and 700 hours, depending on the unemployment rate in various regions across Canada.

The most commonly cited example of individuals in this situation is young workers. The Hon. Jason Kenney raised this issue during his appearance before the Committee:

[We need] to ensure that eligibility is responsive to the evolving labour market....

We have the problem of last hired, first fired. A lot of the young people who are at the margins of the labour market get into an employer and if there's a downturn or whatnot, they're the first to go. That often means they are not qualifying for EI, based on the criteria that have long existed. We need to recognize the evolving nature of the labour market, I think, in the EI eligibility criteria. We're open to a discussion about that....

Should we expand eligibility [criteria under the terms of the LMDAs] for youth and other workers with insufficient hours to qualify?⁹⁵

Hon. Jason Kenney
ESDC

ESDC senior officials also raised this issue with the Committee, adding that individuals who frequently have to look for new jobs are indeed paying EI premiums, hence the need to consider giving them access to training funded through these premiums.⁹⁶

Several witnesses stated that less than 40% of unemployed individuals qualified for EI, and they recommended that the number of hours required to qualify be reduced to 360 hours, which would be 12 weeks at 30 hours per week.⁹⁷

95 HUMA, *Evidence*, 2nd Session, 41st Parliament, 1 May 2014, 0955.

96 HUMA, *Evidence*, 2nd Session, 41st Parliament, 6 May 2014, 0900, 0915, 0930.

97 In particular, the Canadian Labour Congress, Unifor, the Caledon Institute of Social Policy, and the Commissioner for Workers at the Canada Employment Insurance Commission.

These organizations believe that providing training through LMDAs to individuals currently unable to access it would help address the constant cycle of precarious employment and periods of unemployment experienced by some.

Representatives of employers' groups told the Committee that they too would like to see more flexible eligibility criteria for LMDA-funded programs.

An official from the British Columbia Construction Association (BCCA) said that the eligibility criteria could be "a very big problem"; in the past when the organization held training activities, over half the people interested in taking part had to be turned away because they did not qualify for EI.⁹⁸

It was the British Columbia government that rectified the problem, according to the BCCA, by supplementing the LMDA funding, investing "some of their dollars in allowing us the opportunity to deal with the full spectrum, ... that allows us now to deal with 100% of the people that literally come through the door."⁹⁹

The Enbridge official referred to the gap between people who qualify under LMDAs and those who qualify under LMAs:

From my perspective, the LMA funding is really critical, the funding for individuals who are not labour market attached, but there's also a gap. There are some individuals who wouldn't qualify for EI benefits or EI reach back and therefore aren't really ready for that LMDA program or don't qualify. They're not [eligible under an] LMA either.

Yet, that group in the middle has the best outcome of success statistically. The widening of programs is really important to be more inclusive.¹⁰⁰

Catherine Pennington
Enbridge Inc.

The Automotive Industries Association of Canada described their difficulties with the LMDA eligibility criteria:

Attracting the best and the brightest is our focus as an industry, like a lot of the other industries. So if the best and the brightest don't fit the definition that's currently established for the LMDAs, then it's a challenge for us. Like my colleague here, we promote flexibility and we want to see a program where certain individuals are not discriminated against just because of their current situation. We simply want to find the best employees and match them up with the best jobs and the best skill sets they can bring to us.¹⁰¹

Marc Brazeau
Automotive Industries Association of Canada

98 HUMA, *Evidence*, 2nd Session, 41st Parliament, 6 May 2014, 1000.

99 Ibid.

100 HUMA, *Evidence*, 2nd Session, 41st Parliament, 27 May 2014, 0910.

101 HUMA, *Evidence*, 2nd Session, 41st Parliament, 29 May 2014, 0910.

Social policy researchers also called for expanded LMDA criteria and even the consolidation of different funds in order to reach all workers who require training.

[M]y concern is about the investment in skills for everyone, not just simply for the unemployed. It's very important that however we look at which mechanism we want to use, whether it's EI or not—and I certainly would prefer to begin to break down some of the barriers among the funds that we have available for people who are qualified and not qualified for EI—I think the question is simply how we invest in skills. Do we make that available through a learning account? Do we make that available through funds that are set aside for an individual worker? Do we look at incentives to make the employer invest?

I think, personally, the evidence would suggest it's probably better that the money follow the person.¹⁰²

Tyler Meredith
Institute for Research on Public Policy

Currently, workers in more traditional jobs benefit from the social contract and social programs, but an increasing number of part-time workers and those without job security do not derive those benefits. We advocate a human capital ... [training] strategy that puts all those dollars on the table and addresses all workers in need of further training.¹⁰³

Matthew Mendelsohn
Mowat Centre

RECOMMENDATION 9

The Committee recommends that the federal government in collaboration with provincial and territorial governments review the eligibility criteria for employment benefits provided under Labour Market Development Agreements.

B. Length of entitlement to Employment Insurance benefits

The issue of entitlement to income benefits while taking training under an LMDA-funded program was raised by a number of witnesses over the course of the study.

Some witnesses expressed the view that EI benefits need to be provided throughout a training program attended by a claimant as part of an LMDA-funded program.

[W]e recommend that EI part I income benefits be extended for the full duration of LMDA training programs. People need to be able to pay their bills and put food on the table when participating in a longer-term training program.¹⁰⁴

Barbara Byers
Canadian Labour Congress

102 HUMA, *Evidence*, 2nd Session, 41st Parliament, 13 May 2014, 0910.

103 HUMA, *Evidence*, 2nd Session, 41st Parliament, 29 May 2014, 0900.

104 HUMA, *Evidence*, 2nd Session, 41st Parliament, 13 May 2014, 0845.

Unifor wants to emphasize the related need to extend EI part I benefits when a worker is in an approved EI part II program. Since it is a burden on the LMDA budgets, provinces provide only a small living allowance, if they provide anything at all....

EI provides income replacement for individuals, so family-income testing is not appropriate.... During the 1980s, workers were able to get EI—it was UI at that time— income benefits for up to two years if they were in approved training.¹⁰⁵

Cammie Peirce
Unifor

As well, we are recommending that the EI part I benefits be extended to the full duration of the LMDA training program.¹⁰⁶

Mary-Lou Donnelly
Canada Employment Insurance Commission

C. Types of eligible training

Witnesses called for the types of eligible training under LMDAs to be expanded. For instance, one witness described how difficult it is for someone who lost their job to complete their secondary education with EI program support:

What I would say is that our general thrust is that the EI system needs more flexibility. One of the things we recommended in a major report a few years ago was that people could go back to finish their high school while on EI. Right now, if you're just trying to get your basic high school and you have lost your job after several years, you can't do that.¹⁰⁷

Matthew Mendelsohn
Mowat Centre

Another organization made similar remarks:

[W]e would like you to consider opening up the EI Act to allow for flexibility beyond the narrow prescription of EBSMs. People need programming that ranges from literacy and numeracy to sector-specific language training. Canadians deserve a continuum of services to support their labour force entry or re-entry.¹⁰⁸

Karen Lior
Toronto Workforce Innovation Group

D. Costs of enhancing Labour Market Development Agreements

Organizations calling for expanded eligibility criteria or extending benefits to cover the length of training argued that such decisions would not increase costs for the

105 HUMA, *Evidence*, 2nd Session, 41st Parliament, 15 May 2014, 0955.

106 HUMA, *Evidence*, 2nd Session, 41st Parliament, 3 June 2014, 0950.

107 HUMA, *Evidence*, 2nd Session, 41st Parliament, 29 May 2014, 0910.

108 HUMA, *Evidence*, 2nd Session, 41st Parliament, 12 June 2014, 0920.

government since EI benefits are funded by premiums and the EI fund has been in surplus year after year. They also pointed out that the [Employment Insurance Act](#) allows the amount currently being spent on LMDAs to be more than doubled.

However, other witnesses pointed out that the government had pledged to balance the employment insurance fund by 2017, which would involve the use of the surplus.

Judith Andrew, Commissioner for Employers, Canada Employment Insurance Commission, presented what she saw as the overall view of employers:

The one possible idea employers generally wouldn't support is the idea of reaching more people, if that means a change in eligibility.... I want to alert the committee to what I am not hearing on the topic. Regarding the over \$2 billion LMDA transfer envelope, I have not heard any call from employers to enlarge that sum. Employers remain concerned about the level of the EI payroll taxes and about keeping all funds segregated and dedicated to EI purposes. They are looking forward to rate relief being delivered on schedule in 2017, based on the budget 2014 forecast, coincident with the move to a seven-year, break-even, rate-setting methodology.¹⁰⁹

Judith Andrew
Canada Employment Insurance Commission

E. Eligibility determined by the provinces: the issue of interprovincial mobility

The Hon. Jason Kenney, ESDC Minister, and departmental senior officials said that the provinces are generally reluctant to train people for out-of-province employment opportunities.

Of course we have, generally speaking, labour mobility in the Red Seal trades, 55 trades which have reciprocal standards across the country, but we don't for the training years that lead up to a Red Seal certificate. We're trying to get greater mobility for people during the training period. In this area, training requests are generally not approved currently if the job is in another jurisdiction, which limits labour mobility. One of the things we may want to do is put mechanisms in place to ensure training is linked to a job offer and that it's prioritized regardless of where the job is.¹¹⁰

The Hon. Jason Kenney
ESDC

We want an individual to be able to go to a provincial office and say they'd like to take this training that will help them get a job that could be in a region far away or in a province far away. I think that's one of the challenges right now, the way the incentive structure is built. Maybe a province would be reluctant to train somebody for an out-of-province job. We want to be sure an individual has that choice.¹¹¹

Frank Vermaeten
ESDC

109 Ibid., 0930.

110 HUMA, *Evidence*, 2nd Session, 41st Parliament, 1 May 2014, 1010.

111 HUMA, *Evidence*, 2nd Session, 41st Parliament, 6 May 2014, 0855.

Several witnesses who appeared before the Committee also believe that enabling and facilitating interprovincial mobility is critical if training is to be able to match human resources with labour market requirements across the country.

We need the same [a labour mobility agreement within provinces and territories that enabled teachers to be qualified to teach across Canada, regardless of where their training occurred] in a broader trades occupation, not just those within the Red Seal program. Currently, as I understand it, the Atlantic provinces and the western provinces have an apprenticeship harmonization agreement that does enable mobility for tradesworkers if they choose to relocate. But this needs to be a national harmonization so that our labour market is ready and able to respond to labour market needs across the country, not just locally or regionally.¹¹²

Mary-Lou Donnelly
Employment Insurance Commission

One of the things around mobility that is important is to recognize that people may start their training in one province and finish in another. They may be halfway through a program and they need to move because they need to become an apprentice, and the agreement should recognize that. Right now, there is a tendency that you have to do everything in the province that you started in, your training, your apprenticeship, and your first job. If we could figure out ways to engage industry, the training institutions, and the unions to figure out how to best make that work, I think that's critical to seeing more success and more value for the dollars that are invested in these programs.¹¹³

Craig Martin
Canadian Welding Bureau

[W]e agree with national standards, because people have to have some portability. They have to know that if they got some training in Ontario, it applies in Saskatchewan, and that if they got it in Saskatchewan, it applies in Nova Scotia.¹¹⁴

Barbara Byers
Canadian Labour Congress

While these witnesses recommended some sort of training harmonization among the provinces and territories to facilitate apprentice and worker mobility, they did point out that this had to be balanced with the provinces' need to provide training on specific skills in order to address local needs.

There is a need, and I mentioned it in my opening statement, to have a national approach for training. That's a base approach, so that you have some basic skills which are repeatable and transferable right across the country. But we also have to recognize that flexibility. Based on the industry that the person is working in, and it sometimes varies by province, there should be the ability for provinces to upgrade specific skills related to

112 HUMA, *Evidence*, 2nd Session, 41st Parliament, 3 June 2014, 0950.

113 Ibid., 0935.

114 HUMA, *Evidence*, 2nd Session, 41st Parliament, 13 May 2014, 0915.

what they need. I think it's a combination of both, but we can avoid and prevent some of the mobility issues if we have a core bit of training.¹¹⁵

Craig Martin
Canadian Welding Bureau

I spoke of a national harmonization program, so I'm not sure if I'm the one to say the curriculum should be the same all across the country. As an educator, we know that different areas have specific things that they want to relay, that they want to teach, and that they want to educate their people on. I think that the two can be bridged. I think that there can be a real balance there.¹¹⁶

Mary-Lou Donnelly
Employment Insurance Commission

RECOMMENDATION 10

The Committee recommends that Employment and Social Development Canada continue to encourage the provinces and territories to harmonize their training programs in order to facilitate interprovincial mobility for apprentices and workers.

Some witnesses came forth with concrete suggestions to assist individuals interested in moving temporarily or permanently to another province or territory to fill available jobs.

[W]e have some ideas for how labour mobility can be better facilitated by the government. One solution we believe the federal government should take a closer look at is the creation of a work travel grant or a lump-sum training and mobility grant, which would be accessible through the EI system.

Mobility grants allow a person who is unemployed in one area of the country to utilize future unemployment insurance benefits in the form of a lump sum payment in order to relocate to another area of the country where workers are needed. The funds advanced from EI payments would then be used to fund job search, training, and/or relocation costs.... The worker would reach forward into his EI benefits, take a lump sum, and use that to either move for that first venture out west, for example, or to get the training they require, whatever it might be. Again, it could be a permanent relocation or it could be temporary.¹¹⁷

Sean Reid
Progressive Contractors Association of Canada

115 HUMA, *Evidence*, 2nd Session, 41st Parliament, 3 June 2014, 0925.

116 Ibid., 1010.

117 Ibid., 0900, 0920.

I really like the idea of providing mobility funding so that we can help workers move across the country in a more seamless and appropriate fashion to fill jobs.¹¹⁸

Catherine Pennington
Enbridge Inc.

RECOMMENDATION 11

The Committee recommends that the federal government, particularly Employment and Social Development Canada and Finance Canada, study the benefits and costs of establishing financial supports for individuals interested in moving or have workers come from out of province or territory to fill available jobs, taking into account the existing tax measures already in place to support these types of moves.

118 HUMA, *Evidence*, 2nd Session, 41st Parliament, 27 May 2014, 0920.

CHAPTER 5 – REACHING OUT TO EMPLOYMENT INSURANCE RECIPIENTS MORE PROMPTLY

In most industrialized countries, the longer the period of unemployment, the more difficult it is to re-enter the labour market.¹¹⁹ This relationship between the length of unemployment and the likelihood of returning to work indicates that the federal, provincial and territorial governments could improve the chances for EI recipients to get back to work by providing them with prompt training or employment assistance services.

Several witnesses told the Committee how important it is to act more quickly in order to help EI recipients find good jobs before their skills become outdated.

Frank Vermaeten, Senior Assistant Deputy Minister, ESDC, stated that provincial training programs for EI recipients currently operate on a “first come, first served basis.”¹²⁰ According to Mr. Vermaeten, this reactive approach poses problems because recipients often wait until their benefits have almost run out before seeking training or other employment assistance services at the provincial or territorial office.¹²¹

The fact that job seekers and employers are unaware of provincial and territorial training and employment assistance programs may be one of the reasons why most recipients usually wait too long before seeking out the services available to them.

Some [people] are not taking advantage of it because they just don't have the information. It's another one of our issues that we really see when we talk to people about LMDAs; they don't know that the money's there. They don't know it exists. Employers don't know about it. Employees don't know about it.¹²²

Mary-Lou Donnelly
Canada Employment Insurance Commission

To address this problem, the Hon. Jason Kenney, ESDC Minister, stated that the federal government is considering reforms that would enable the provinces and territories to reach out to EI recipients as soon as possible.

When people are unemployed for a long time, often they get a little bit depressed and discouraged. Their skills perhaps begin to get dated. They fall farther away from the labour market. You want to get in there as soon as you can with people.

119 Statistics Canada, “[Sidelined in the labour market](#),” *Perspectives on Labour and Income*, Vol. 5, No. 4, April 2004.

120 HUMA, *Evidence*, 2nd Session, 41st Parliament, 6 May 2014, 0900.

121 Ibid.

122 HUMA, *Evidence*, 2nd Session, 41st Parliament, 3 June 2014, 1025.

We want to encourage provinces to not necessarily just serve whoever walks through the door first, but proactively to reach out to the people who have been recently unemployed. Get them into a program, whether that means upscaling, retraining, or job link services. Get them in as soon as they can.¹²³

The Hon. Jason Kenney
ESDC

The Hon. Jason Kenney also suggested improving communication and coordination between the federal government and the provinces and territories. Ideally, the federal government should develop systems to inform the relevant provincial/territorial departments as soon as a person applies for employment insurance so that the Department can reach out immediately and offer services.¹²⁴ By being proactive, the provinces and territories could help EI recipients find new jobs more quickly while generating savings to the EI account. The federal government has been working with British Columbia and Manitoba since 2013–2014 to provide EI recipients with employment assistance earlier in their eligibility period.¹²⁵

Mr. Vermaeten informed Committee members of three initiatives administered by ESDC to help the provinces and territories reach out to EI recipients more quickly. The first is a referral system for exchanging secure data on new EI recipients with the provinces and territories.

[The system] is going to enable us to send data, including someone's profile, to provinces and territories when somebody becomes unemployed. The province is going to be able to take that information and—let's say they have 12 individuals who have just lost their job, who are collecting EI, who are in the trades, and who are highly skilled—immediately match it with their database of the kinds of jobs or effective training that is available and to assess where the best bang for the buck is. Then they'll know who they should train, who they should provide labour market information to, and who they should set aside. That referral system is going to be really important to allow provinces and territories to do that.¹²⁶

Frank Vermaeten
ESDC

The second initiative involves improving the current job alerts system so that individuals who are looking for a job, whether they are receiving EI or not, can register to receive alerts listing the available jobs that match their skills. Employers who register with job banks such as Workopolis would also receive alerts about people who have the type of skills they are looking for.¹²⁷

123 HUMA, *Evidence*, 2nd Session, 41st Parliament, 1 May 2014, 0955.

124 Ibid.

125 ESDC, [EI Monitoring and Assessment Report 2012/13](#).

126 HUMA, *Evidence*, 2nd Session, 41st Parliament, 6 May 2014, 0925.

127 Ibid.

The third initiative is a job-matching system that would pair a job seeker with an employer looking for someone with that person's skills. This system, which is at the development stage, would lead to more effective skill-matching between employers and people looking for work.¹²⁸

Judith Andrew, Commissioner for Employers, Canada Employment Insurance Commission, informed Committee members that employers are ready to support the federal government's efforts to reach out to EI-eligible unemployed Canadians sooner so that they can access training programs more quickly and meet the needs of the labour market.¹²⁹

Other witnesses advocated an even more proactive approach that would give workers access to training through the EI program even before they lost their jobs.

[I]f you are working in a job and you know there are going to be changes, you'll have access to an EI training fund, even though you are currently employed. So for example, maybe I'm working in a hospital, and I know there are going to be changes. I want to work in dietary instead of the job that I'm in now. That worker who's contributing to the EI fund should have access to training so that they can be ready for the next job.¹³⁰

Barbara Byers
Canadian Labour Congress

Canada needs to better develop the system of supports available to Canadians to upgrade their skills later in life, and preferably before they become unemployed.¹³¹

Tyler Meredith
Institute for Research on Public Policy

Jeffery Cyr, Executive Director, National Association of Friendship Centres, stated that these centres generally try to develop an ongoing relationship with their clients, who are often less likely to apply for EI services due to problems with addiction, homelessness and low education levels. This relationship enables the centres to target Aboriginal people who could benefit from early intervention and quicker access to training or employment assistance measures.¹³²

In general, witnesses emphasized the need to reach out to EI recipients more promptly in order to help them find good jobs as soon as possible. They suggested that the provinces and territories take a more proactive approach to training and employment assistance, and that the federal government support this approach by improving information sharing and coordination between the EI program and the training and employment assistance programs administered by the provinces and territories.

128 Ibid.

129 HUMA, *Evidence*, 2nd Session, 41st Parliament, 12 June 2014, 0935

130 HUMA, *Evidence*, 2nd Session, 41st Parliament, 13 May 2014, 0930.

131 Ibid., 0855.

132 HUMA, *Evidence*, 2nd Session, 41st Parliament, 12 June 2014, 0915.

RECOMMENDATION 12

The Committee recommends that the federal government in collaboration with the provinces and territories improve information sharing and coordination between the Employment Insurance program and the provincial and territorial training and employment assistance programs, with the aim to get workers back to work faster.

Ms. Donnelly, Commissioner for Workers, Canada Employment Insurance Commission, told the Committee about the concerns expressed by some young EI recipients who have had trouble enrolling in training that would improve their chances in the job market. The provincial and territorial rules are very complicated, and young people do not know how to get the training approved by the province or territory.

I know I've had many young people present their case to me where they thought that they heard that they could get this money and go take this training. So they've done that, but the piece that they didn't do was that they didn't get approval from the province. So they find themselves in a situation where they want to go and have this training and they've enrolled, but there is no support for them because it must be approved by the province.

Those rules and regulations from province to province, territory to territory, are different. So that's one of the reasons why we need to better inform people of the LMDAs and what to do, how to access it, things like that.¹³³

Mary-Lou Donnelly
Canada Employment Insurance Commission

RECOMMENDATION 13

The Committee recommends that the federal government in collaboration with the provinces and territories ensure that the new Labour Market Development Agreements offer Employment Insurance recipients greater flexibility so that they can select the training programs most likely to help them secure available jobs, including jobs available outside their province or territory of residence.

133 HUMA, *Evidence*, 2nd Session, 41st Parliament, 3 June 2014, 1025.

CHAPTER 6 – GREATER EMPLOYER ENGAGEMENT IN SKILLS DEVELOPMENT AND TRAINING

A. Employer participation in developing training programs

During his appearance before the Committee, the Hon. Jason Kenney emphasized the need for employers to be more involved in training and skills development.

As a government, we are trying to go through all of the programs we have that deal with job training or skills development to try to get a better bang for the taxpayer's buck, better outcomes in terms of real jobs. Some of the principles that we think are useful include a greater participation of employers in the training process, trying to leverage increased employer investment in skills development and job training.¹³⁴

The Hon. Jason Kenney
ESDC

He also explained the reasoning behind this approach:

I think the question you asked is why should market forces be involved in helping people get the appropriate skills? It's because it's employers who, by definition, create the jobs and who know what skill level people need for those jobs, and because we see better labour market outcomes in countries with a higher level of employer involvement and investment in training...¹³⁵

The Hon. Jason Kenney
ESDC

Several witnesses mentioned that employers are aware of actual labour market needs and they must be involved in developing training from the outset.

[F]uture LMDA funding should be directed towards programs that incorporate strong employer engagement to ensure that federal training dollars lead to real results. We believe that having employers and employer groups actively participate in the process will lead to more targeted skills training and better matching of talent to tasks.

...

Our view is to be more proactive and deliberate ... in terms of bringing in employers who are at the front end to identify what the skills needs are so that the training is directly coherent with the need.¹³⁶

Sean Reid
Progressive Contractors Association of Canada

134 HUMA, *Evidence*, 2nd Session, 41st Parliament, 1 May 2014, 0950.

135 Ibid., 1005.

136 HUMA, *Evidence*, 2nd Session, 41st Parliament, 3 June 2014, 0905.

[I]f we want to make sure that when the training is completed, it's relevant to the jobs at hand, we need the employers to be engaged.

We work with colleges, both private and public, with unions, and some of the best training programs we see are the ones that engage the local employment base and they ask what they are looking for and what skills are missing in the graduates that we have. We do the same thing at the federal level.¹³⁷

Craig Martin
Canadian Welding Bureau

I think that really getting employers engaged early to make sure that there are jobs available at the back end is absolutely critical.¹³⁸

Kevin Lee
Canadian Home Builders' Association

Now is the time for employers to provide more information to universities, colleges, and provincial and territorial governments about what they need from their employees. In recent conversations I've had with an employer, they indicate that they need engineers who have not only technical competencies and analytical skills, but also better writing and stakeholder management skills. This kind of information is invaluable.¹³⁹

Kim Allen
Engineers Canada

B. Employer participation in labour market partners' forums

To develop training programs that reflect employers' knowledge of labour market needs, many witnesses suggested that forums be established to bring together the various labour market partners. These forums were proposed as a way to increase the accountability of LMDAs, an issue raised in Chapter 2 of this report. Several witnesses described the forums as a promising way to increase employer participation in skills development and training. They stated that it was necessary to create provincial and territorial forums, as well as a pan-Canadian labour market partners' forum.

We recommend establishing permanent federal, provincial, and territorial labour market partners forums, and these forums would bring together the stakeholders, which are employers, labour, government, and educators, to shape and guide the LMDA program and a Canadian job strategy towards improving our workforce's skills and the quality of their employment opportunities.¹⁴⁰

Cammie Peirce
Unifor

137 Ibid., 0910.

138 Ibid..

139 HUMA, *Evidence*, 2nd Session, 41st Parliament, 29 May 2014, 0950.

140 HUMA, *Evidence*, 2nd Session, 41st Parliament, 15 May 2014, 1000.

We recommend that the federal government, provinces, and territories establish a network of labour market partners fora or workforce development boards, similar to the Quebec model or the workforce investment boards in the U.S., with multipartite governance overseeing design and delivery of programs that are locally appropriate and responsive to the needs of industry and community. Then all skills training and upgrading would be done through a workforce development lens, integrated into local initiatives as part of a pan-Canadian labour market strategy, giving employers incentive to invest in training for their incumbent and potential workers. Strategic workforce development combines economic development with social development, creating greater prosperity for employers, workers, and their communities.¹⁴¹

Karen Lior
Toronto Workforce Innovation Group

The Canadian Labour Congress also highlighted the important role of labour market partners' forums in engaging employers as well as unions, other levels of government and community agencies. The representative from the Congress emphasized the need for all stakeholders to meet regularly and discuss labour requirements.¹⁴²

RECOMMENDATION 14

The Committee recommends that the renewed Labour Market Development Agreements (LMDAs) with the provinces and territories require regular employer engagement on LMDA programming as to better involve employers and their knowledge of actual labour market needs.

C. Current provincial best practices

According to an ESDC representative, “a little less than half of the provinces and territories have a system, a mechanism whereby they engage employers up front, figure out where the best place is to spend money.”¹⁴³ The system introduced by British Columbia, for example, is considered a best practice for involving employers at the planning stage.¹⁴⁴

The example given most often as a best practice for employer participation is that of Quebec's Commission des partenaires du marché du travail and its sectoral labour committees.

Quebec has a system of engaging both employers and labour in a way that is quite unique. What they try to do is bring the partners together so that they can figure out at a

141 HUMA, *Evidence*, 2nd Session, 41st Parliament, 12 June 2014, 0920.

142 HUMA, *Evidence*, 2nd Session, 41st Parliament, 13 May 2014, 0905 and 0915.

143 HUMA, *Evidence*, 2nd Session, 41st Parliament, 1 May 2014, 1010.

144 HUMA, *Evidence*, 2nd Session, 41st Parliament, 6 May 2014, 0910–0915.

high level where the areas of demand are, where support is needed, what kind of training, and to whom. That's their Commission des partenaires du marché du travail.¹⁴⁵

Frank Vermaeten
ESDC

During his appearance before the Committee, the representative from the Coalition des organismes communautaires pour le développement de la main-d'œuvre explained how the Commission operates:

For over 15 years, Quebec has had a unique structure in Canada: The Commission des partenaires du marché du travail. This forum for consensus is made up of representatives of employers, employees, education as well as government and community organizations. The commission plays a determinant and meaningful role in the orientation and implementation of public employment services in the labour market.¹⁴⁶

Companies that do not contribute enough to labour market training will contribute to a fund that is used to finance these measures. We know that for small-and-medium-sized companies, it is particularly difficult for employees to have access to training. A specific attempt is made to fund measures that will target these categories of workers.

...

Being an entrepreneur is not easy. If in addition to that, we tell them that they are required to look after labour market training, it is often too much for them. In other words, the labour market training fund is there to provide assistance that is often required.¹⁴⁷

Frédéric Lalande
Coalition des organismes communautaires
pour le développement de la main-d'œuvre

An industry representative confirmed that employers are very supportive of the Quebec model:

Quebec has a law requiring employers with a total payroll of \$1 million or more to invest 1% of that amount in training. Many of our members who are subject to the condition use that funding.

If the money isn't used, it goes to an organization charged with allocating it to where it is needed. And that could mean another industry. There are groups responsible for doing that. Quebec has a labour sector committee ... called the Comité sectoriel de la main-d'oeuvre. Flexibility is the key to the formula. In a particular year, training may not be necessary because no new technologies were introduced, but two years later, extra training may be needed.

145 Ibid.

146 HUMA, *Evidence*, 2nd Session, 41st Parliament, 13 May 2014, 1005.

147 Ibid., 1030.

The entire country would benefit from such a model. It works quite well in Quebec. I can tell you it has really helped our industry since it was put in place.¹⁴⁸

Marc Brazeau
Automotive Industries Association of Canada

RECOMMENDATION 15

The Committee recommends that Employment and Social Development Canada encourage the provinces and territories to study the employer participation models operating in other provinces and territories.

D. International models for employer involvement

Commenting on initiatives in other countries, the Hon. Jason Kenney stated that Germany stands out for its approach to involving employers in training.

[W]e see better labour market outcomes in countries with a higher level of employer involvement and investment in training, like in Germany, a country to which I recently led a study mission.¹⁴⁹

The Hon. Jason Kenney
ESDC

He described the German system to the Committee:

Their conception of apprenticeships is much broader than ours. We have about 150 apprenticeable occupations. In Germany they have about 350. It includes things like retail and banking, as well as construction trades.

Over 60% of young Germans, roughly at the age of 16, go into these apprenticeship programs where typically they are at an employer location for about three and a half days a week and at a vocational college for one and a half days a week. The learning they're getting, the theory they're getting in the college, is perfectly integrated with the experience they're getting at the work site, and they're getting a modest stipend. These apprenticeship programs on average last three years, which means that most young Germans are graduating with a certificate at the age of 19 on average. They're already with an employer. Over 90% of them go on to be employed in the field for which they were trained, and they're unencumbered by debt.¹⁵⁰

The Hon. Jason Kenney
ESDC

Minister Kenney explained that, for a system like this to function, employers must feel a sense of responsibility toward training and be closely involved in the education system. In Germany, employers are responsible for maintaining the equipment,

148 HUMA, *Evidence*, 2nd Session, 41st Parliament, 29 May 2014, 0925.

149 HUMA, *Evidence*, 2nd Session, 41st Parliament, 1 May 2014, 1005.

150 Ibid., 1020.

compensating the trainers and paying modest salaries to apprentices. “In fact, in Germany employers collectively invest the equivalent of \$47 billion Canadian a year on apprenticeship programs alone,” stated the Hon. Jason Kenney.¹⁵¹

Industry representatives who participated in the study mission with Minister Kenney also praised the German system, using it as a basis for their recommendations on how Canada could change employer participation in training:

Looking at the German training system and the way they engage employers and tie employers into the education system was a real eye-opener to me. Canadian employers basically are not allowed to be part of any part of the education system. Except for the polytechnics and a few colleges and universities, employers aren't really part of the education system. In Germany they start in high school having employers directly involved.¹⁵²

Mathew Wilson
Canadian Manufacturers and Exporters

A witness representing the National Association of Career Colleges, shared the same view:

I've had the opportunity to participate in the mission to Europe on skills training. ... It was an eye-opening experience that showed how employers in Germany and the U.K. are intrinsically involved in training. ... [W]e would strongly suggest that the federal government start discussions with the provinces on how to open apprenticeships to other educational groups. Too often our career colleges are excluded from being able to offer apprenticeship programs, especially in the trades. That's a provincial decision.¹⁵³

Serge Buy
National Association of Career Colleges

RECOMMENDATION 16

The Committee recommends that the federal government continue discussions with the provinces and territories on how to establish apprenticeship programs in more fields and encourage young people to participate.

E. Current employer initiatives and future challenges in Canada

The Commissioner for Employers, Canada Employment Insurance Commission, emphasized that Canadian employers already make a significant contribution to training:

Here I would like to emphasize that employers foot the bill for some \$1.2 billion of EI part II training and related programming in Canada, which together with employee

151 Ibid.

152 HUMA, *Evidence*, 2nd Session, 41st Parliament, 27 May 2014, 0920.

153 HUMA, *Evidence*, 2nd Session, 41st Parliament, 6 May 2014, 0950–0955.

contributions of \$0.8 billion adds up to what is said to be the Government of Canada's largest labour market investment.

Regrettably instead of being credited for their lion's share contribution to EI part II labour market development programming, employers take criticism from policy-makers and others who suggest that Canadian employers are not doing enough training compared to employers elsewhere. On this I would note that comparison studies on training effort very much depend on what training is included and how it is measured. Certainly on-the-job training that is done by Canada's small and medium-sized enterprises is not included, and that massive contribution is discounted.¹⁵⁴

Judith Andrew
Canada Employment Insurance Commission

Other witnesses told the Committee that the on-the-job training offered by employers should be taken into account:

Our third recommendation to the committee is to recognize the value of on-the-job training in program agreements. The provincially funded programs are often too focused on formal third party training and ignore the investment businesses make, particularly restaurant businesses, in on-the-job training, where managers and supervisors work one on one with employees, many who are first-time entrants to the workforce.¹⁵⁵

Joyce Reynolds
Restaurants Canada

Ensure that any funds administered through LMDAs recognize the informal, on-the-job training that SMEs conduct across the country. Employers are already involved in the development and training of employees, but government funding needs to recognize this type of training.¹⁵⁶

Monique Moreau
Canadian Federation of Independent Business

Discussions also focused on other training initiatives introduced by employers. The British Columbia Construction Association, for example, described its model of matching unemployed workers with job opportunities:

We have a team ... with a staff of some 57 field workers in 14 different communities across the province.... They make some 6,000 points of contact with employers on annual basis, and the purpose for that contact is to find out where the jobs are ... that is, to align people up with employment opportunities, and then provide them with sufficient

154 HUMA, *Evidence*, 2nd Session, 41st Parliament, 12 June 2014, 0930.

155 Ibid., 0940.

156 HUMA, *Evidence*, 2nd Session, 41st Parliament, 15 May 2014, 0950.

training to make them either more employable or to make them successful in achieving employment. ... Our results last year were some 2,800 people in the Province of British Columbia that we were able to connect with jobs in the industry.¹⁵⁷

Manley McLachlan
British Columbia Construction Association

[W]hat we have is the demand side support model versus a supply side service model. There's a significant distinction to be made there. We literally have a mantra that all of our field workers live by and that's that we don't start the training machine until the job offer is made.... We travel around, meeting with employers, talking about their needs. Once we identify the needs, then we go back to the unemployed. We know where they are.¹⁵⁸

Paul Mitchell
British Columbia Construction Association

The representative from the National Association of Career Colleges highlighted a training program developed by a private-sector company and an educational institution:

The company operating the nickel mine in Voisey's Bay approached one of our members at Academy Canada to provide training in local Aboriginal communities. They needed a workforce and couldn't get one with the proper skills. The training was done within the community by Academy Canada. Their results skyrocketed, with participants going from a 7% completion rate to a 76% completion rate. The employer was pleased and the local community leaders were also extremely satisfied.¹⁵⁹

Serge Buy
National Association of Career Colleges

A member company of the Automotive Industries Association of Canada has also been involved in employee training:

For instance, Kal Tire, a company in Vernon, B.C., has 250 stores in western Canada and Ontario. Underlying its approach is the desire to hire and train young people so they pursue a career in the field and work in a number of jobs. ... [I]t invests in employee training. It has a training facility in Vernon where it trains young people and invests in their careers.

That's why I think the private sector offers us some examples we could model our approach on. ... I think we should promote these practices and parlay them into an overall success story.¹⁶⁰

Marc Brazeau
Automotive Industries Association of Canada

157 HUMA, *Evidence*, 2nd Session, 41st Parliament, 6 May 2014, 1000.

158 HUMA, *Evidence*, 2nd Session, 41st Parliament, 6 May 2014, 1005.

159 Ibid., 0950.

160 HUMA, *Evidence*, 2nd Session, 41st Parliament, 29 May 2014, 0930.

However, obstacles make it difficult for some employers to get involved in training. For example, employers' lack of knowledge of programs may hamper training opportunities:

Business groups typically have little direct knowledge of and engagement with LMDA-funded programs or provincial or territorial training programs generally—except unknowingly, I suspect—such as where their apprentices receive part II apprenticeship support.¹⁶¹

Judith Andrew
Canada Employment Insurance Commission

One of the greatest challenges around the use of the current LMDAs remains awareness. Many employers don't know about the program or the eligibility requirements, and the application process can be both arduous and restrictive.¹⁶²

Robert Pitt
Automotive Industries Association of Canada

It is also a challenge for businesses to stay competitive and obtain contracts while training new employees:

I think there's a sense of it being on the one hand and then on the other. It's about how they actually get and win the job and be competitive and carry out the business, and yet they also feel that responsibility of bringing along the young people and putting it in there.¹⁶³

Kim Allen
Engineers Canada

In addition, the training ratios imposed by some provinces make it difficult for certain companies to offer apprenticeships:

Certainly, in Ontario and in the east, the training ratios, which are governed provincially, are a block to small and medium-sized business training for their needs. If you have to have three journeyperson electricians to train one in your business, that's not very easy.¹⁶⁴

Judith Andrew
Canada Employment Insurance Commission

Employers may also be concerned that they could “lose their investment” if a new employee switched to another company after being trained:

There's a keen interest in developing them and putting them on. Some of the employers are concerned that there's a fair bit of mobility among engineers and that people move

161 HUMA, *Evidence*, 2nd Session, 41st Parliament, 12 June 2014, 0930.

162 HUMA, *Evidence*, 2nd Session, 41st Parliament, 29 May 2014, 0855.

163 Ibid., 1010.

164 HUMA, *Evidence*, 2nd Session, 41st Parliament, 12 June 2014, 0955.

firm to firm, so if they invest in that and then the next firm ends up hiring them and so on.¹⁶⁵

Kim Allen
Engineers Canada

Some witnesses suggested ways to address the problems facing businesses:

What can government do to help small businesses continue to train and then hire individuals? We asked our members, and overwhelmingly respondents indicated that training tax credits, a reduced tax burden, and a break from EI payments during the training period were deemed to be the most useful.¹⁶⁶

Monique Moreau
Canadian Federation of Independent Business

Witnesses also asked that the red tape associated with training programs be reduced, since small- and medium-sized businesses often do not have the necessary resources, such as a human resources branch, to handle the programs' complicated requirements.¹⁶⁷ Committee members also heard that employers need to be made aware of the programs in order to increase their participation.

RECOMMENDATION 17

The Committee recommends that the federal government continue to raise awareness, particularly among employers, of the training programs and activities offered through the Labour Market Development Agreements.

Witnesses told the Committee that a grant program targeting the internship stage and the initial years of employment would be beneficial in some occupations:

Employers would welcome any type of program that actually assists them so that they are not at a competitive disadvantage in doing that. ... I think if it's done on that kind of subsidized basis through some type of assistance in helping people through that internship period, of getting them in for the first couple of years...¹⁶⁸

Kim Allen
Engineers Canada

Some stakeholders recommended that employers be more directly involved in training:

165 HUMA, *Evidence*, 2nd Session, 41st Parliament, 29 May 2014, 1010.

166 HUMA, *Evidence*, 2nd Session, 41st Parliament, 15 May 2014, 0950.

167 Ibid.

168 HUMA, *Evidence*, 2nd Session, 41st Parliament, 29 May 2014, 1010.

[E]mployers mostly argue that prompting business direct action through tax incentives ... or a basic EI exemption ... or a training credit ... would do more to help young people than sending them off on government training programs funded by LMDAs.¹⁶⁹

I think the key is to engage employers more directly. ... [T]he model ... whereby individual employers undertake to hire someone and train them for their needs, is the kind of thing that works best.¹⁷⁰

Judith Andrew
Canada Employment Insurance Commission

Witnesses praised On-Site, a program from the 1990s, as a good example of how to involve employers directly in training. According to the representative from Canadian Manufacturers and Exporters, On-Site made good use of funding, took into account employers' needs and produced demonstrable results for the economy:

The program placed EI recipients at manufacturer facilities for up to 26 weeks, focusing on training and particular skill sets, including occupational health and safety, production, or environmental management. While on placement, the recipients continued to receive their EI benefits, but they got actual work experience while receiving it.

The companies got to see how these workers fit in, many of which were hired at the end of the project....

Those are the types of things that we'd like to see more of going forward for sure.¹⁷¹

Mathew Wilson
Canadian Manufacturers and Exporters

The Canadian Labour Congress also supports greater employer involvement in training but warns against gearing an approach to the specific needs of individual businesses:

Training programs must match skills with jobs, but workers want more than just firm-specific skills. They want broadly based training that provides a wide range of skills, including better literacy and essential skills upgrading. They also want those skills recognized with a certificate or a credential so they are portable in the broader labour market.¹⁷²

What we need to do is make very clear that the training employers are putting into this is not to then basically keep people only in their workplace, because what people want as well are portable skills.¹⁷³

Barbara Byers
Canadian Labour Congress

169 HUMA, *Evidence*, 2nd Session, 41st Parliament, 12 June 2014, 0930.

170 Ibid., 1000.

171 HUMA, *Evidence*, 2nd Session, 41st Parliament, 27 May 2014, 0850 and 0910.

172 HUMA, *Evidence*, 2nd Session, 41st Parliament, 13 May 2014, 0845.

173 Ibid., 0905.

RECOMMENDATION 18

The Committee recommends that Employment and Social Development Canada assess opportunities to involve employers more directly in training delivery, for example, by considering a workplace internship program for Employment Insurance recipients and/or tax or financial incentives for businesses that offer on-the-job training which meets certain requirements, such as the ability to transfer skills and knowledge from one business to another.

In summary, the Committee was told that greater employer participation in workforce training may help EI recipients acquire the right skills to secure available jobs in Canada's labour market, since employers are the ones who create the jobs and know the type of skills needed. Some witnesses stated that recent federal initiatives, such as the Canada Job Grant, represent a move in this direction.

RECOMMENDATION 19

The Committee recommends that the Government continue lowering Employment Insurance premiums for all premium payers to create more jobs, growth and long-term prosperity.

CONCLUSION

Labour market development agreements and their related employment benefits and support measures form a key part of the training offered to Canadians seeking employment. It would be beneficial to everyone involved if the agreements and programs were improved to bring workers' skills more in line with the actual needs of the labour market. Consultations are under way to guide the renewal of the LMDAs, and the Committee's study is part of this process.

Many of the organizations and individuals appearing before the Committee told members that they support such initiatives as a better labour market information system, greater employer involvement in training programs, and enhanced accountability mechanisms for LMDAs. They suggested establishing labour market partners' forums at the federal, provincial and territorial levels so that information can be shared on the actual needs of industry, best practices in training, and training outcomes.

On many occasions, witnesses raised issues such as expanding eligibility criteria to give more people access to training programs, taking a more proactive approach with workers who have lost their jobs, and making it easier for job seekers to move in order to fill a position or take training.

Witnesses shared their thoughts, suggestions and solutions regarding these issues to support the federal government as it works in co-operation with the provinces and territories on workforce development, which is of critical importance for Canadians.

The recommendations in this report come from a wide range of stakeholders involved in skills development, including employers, labour organizations, researchers, public servants, educators, community-based agencies, Aboriginal organizations and policy makers. They are the result of a collective effort to make future LMDAs more effective and enable Canadians, businesses, communities and the Canadian economy to prosper.

LIST OF RECOMMENDATIONS

RECOMMENDATION 1

The Committee recommends that the federal government in collaboration with provincial and territorial governments ensure the Labour Market Development Agreements provide flexibility to allow jurisdictions to tailor programs to the needs of their local labour markets..... 15

RECOMMENDATION 2

The Committee recommends that the federal government in collaboration with provincial and territorial governments conduct a review of the effectiveness of current programming, while respecting the general guidelines set in the *Employment Insurance Act*. 15

RECOMMENDATION 3

The Committee recommends that the federal government consider increasing the amount of funding to be transferred to provincial and territorial governments' Labour Market Development Agreements subject to clear demonstration of Employment Insurance savings to the operating account and premium payers. 16

RECOMMENDATION 4

The Committee recommends that the federal government in discussion with provincial and territorial governments consider adding a clause in the re-tooled Labour Market Development Agreements requiring the funding to be reviewed every set number of years based on demonstrated savings to the Employment Insurance account..... 17

RECOMMENDATION 5

The Committee recommends that the federal government with provincial and territorial governments consider expanding the mandate of the Forum of Labour Market Ministers given the needs of the evolving labour market. 24

RECOMMENDATION 6

The Committee recommends that the federal government in collaboration with provinces and territories develop a coherent set of guiding principles and accountability standards to be included in the new generation of Labour Market Development Agreements. 25

RECOMMENDATION 7

The Committee recognizes that the government has recently announced two new surveys to monitor labour market information and recommends that the government continue to invest in ways to improve labour market information. 34

RECOMMENDATION 8

The Committee recommends that the federal government in collaboration with provincial and territorial governments study the benefits and costs of establishing a Canadian institute for labour market Information. 35

RECOMMENDATION 9

The Committee recommends that the federal government in collaboration with provincial and territorial governments review the eligibility criteria for employment benefits provided under Labour Market Development Agreements..... 39

RECOMMENDATION 10

The Committee recommends that Employment and Social Development Canada continue to encourage the provinces and territories to harmonize their training programs in order to facilitate interprovincial mobility for apprentices and workers. 43

RECOMMENDATION 11

The Committee recommends that the federal government, particularly Employment and Social Development Canada and Finance Canada, study the benefits and costs of establishing financial supports for individuals interested in moving or have workers come from out of province or territory to fill available jobs, taking into account the existing tax measures already in place to support these types of moves..... 44

RECOMMENDATION 12

The Committee recommends that the federal government in collaboration with the provinces and territories improve information sharing and coordination between the Employment Insurance program and the provincial and territorial training and employment assistance programs, with the aim to get workers back to work faster..... 48

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RECOMMENDATION 19

The Committee recommends that the Government continue lowering Employment Insurance premiums for all premium payers to create more jobs, growth and long-term prosperity. 60

APPENDIX A

LIST OF WITNESSES

Organizations and Individuals	Date	Meeting
Department of Employment and Social Development Hon. Jason Kenney, P.C., M.P., Minister of Employment and Social Development Ian Shugart, Deputy Minister Frank Vermaeten, Assistant Deputy Minister, Skills and Employment Branch	2014/05/01	20
British Columbia Construction Association Manley McLachlan, President Paul Mitchell, Special Projects Manager, Skilled Trades Employment Program	2014/05/06	21
Department of Employment and Social Development John Atherton, Director General, Employment Programs and Partnerships Ian Shugart, Deputy Minister Frank Vermaeten, Assistant Deputy Minister, Skills and Employment Branch		
National Association of Career Colleges Serge Buy, Chief Executive Officer		
Canadian Coalition of Community-Based Employability Training Chris Atchison, Chair	2014/05/13	23
Canadian Labour Congress Barbara Byers, Secretary-Treasurer Mike Luff, Senior Research Social and Economic Policy		
Coalition des organismes communautaires pour le développement de la main-d'oeuvre Richard Gravel, Vice President Frédéric Lalande, Director General		
Institute for Research on Public Policy Tyler Meredith, Research Director		
Réseau des carrefours jeunesse-emploi du Québec Monique Sauvé, President		
Canadian Federation of Independent Business Monique Moreau, Director, National Affairs		

Organizations and Individuals	Date	Meeting
Unifor Cammie Peirce, National Representative, National Office	2014/05/15	24
Adams Lake Indian Band Nelson Leon, Chief	2014/05/27	25
Canadian Manufacturers and Exporters Mathew Wilson, Vice-President, National Policy		
Enbridge Inc. Catherine Pennington, Senior Manager, Community Benefits and Sustainability, Northern Gateway Pipeline		
Métis Nation British Columbia Colleen Hodgson, Director, Industry Engagement, Partnerships and Education		
Prince George Nechako Aboriginal Employment and Training Association Karin Hunt, Executive Director		
Automotive Industries Association of Canada Marc Brazeau, President and Chief Executive Officer Robert Pitt, Chairman, Board of Directors	2014/05/29	26
Caledon Institute of Social Policy Michael Mendelson, Senior Scholar		
Engineers Canada Kim Allen, Chief Executive Officer		
Mowat Centre Matthew Mendelsohn, Director		
Canadian Home Builders' Association Bard Golightly, President Kevin Lee, Chief Executive Officer	2014/06/03	27
Canadian Welding Bureau J. Craig Martin, Vice President, Public Safety		
Department of Employment and Social Development Nancy Amyot, Policy Advisor, Office of the Commissioner for Workers, Canada Employment Insurance Commission Mary-Lou Donnelly, Commissioner for Workers, Canada Employment Insurance Commission		

Organizations and Individuals	Date	Meeting
Ignite Adult Learning Corporation Carlo Bizzarri, Program Manager Lindsay Manko, Assistant Manager	2014/06/03	27
Progressive Contractors Association of Canada Sean Reid, Vice-President, Federal and Ontario		
Cameco Corporation Sean Junor, Manager, Workforce Planning and Talent Acquisition, Human Resources	2014/06/05	28
Canadian Construction Association Michael Atkinson, President		
Library of Parliament Mostafa Askari, Assistant Parliamentary Budget Officer, Economic and Fiscal Analysis Jean-Denis Fréchette, Parliamentary Budget Officer		
As individuals Julie Drolet, Associate Professor, University of Calgary Miana Plesca, Associate Professor and Interim Assistant Dean, College of Business and Economics, University of Guelph Donna Wood, Adjunct Assistant Professor, University of Victoria	2014/06/10	29
Fédération des communautés francophones et acadienne du Canada Suzanne Bossé, Executive Director Marie-France Kenny, President		
Rupertsland Institute Guido Contreras, Associate Director, Research, Policy and Strategic Partnerships		
As an individual Alain Noël, Professor, Department of Political Science, Université de Montréal	2014/06/12	30
Department of Employment and Social Development Judith Andrew, Commissioner for Employers, Canada Employment Insurance Commission		
National Association of Friendship Centres Yancy Craig, Director, Strategic Development Jeffrey Cyr, Executive Director		

Organizations and Individuals	Date	Meeting
Restaurants Canada Joyce Reynolds, Executive Vice-President, Government Affairs	2014/06/12	30
Toronto Workforce Innovation Group Karen Lior, Executive Director		

APPENDIX B LIST OF BRIEFS

Organizations and Individuals

British Columbia Construction Association

Canadian Labour Congress

Ignite Adult Learning Corporation

National Association of Friendship Centres

Nova Scotia's Department of Labour and Advanced Education

REQUEST FOR GOVERNMENT RESPONSE

Pursuant to Standing Order 109, the Committee requests that the government table a comprehensive response to this Report.

A copy of the relevant *Minutes of Proceedings* ([Meetings Nos. 20, 21 and 23 to 30](#)) is tabled.

Respectfully submitted,

Phil McColeman

Chair

Better Jobs for Canadians: A Study on the Renewal of the Labour Market Development Agreements (LMDA)

Dissenting Opinion – New Democratic Party

Groguhé, Sadia - Assistant 1

22/12/2014

Dissenting opinion of the NDP Official Opposition, tabled as part of the study by the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities on the renewal of the Labour Market Development Agreements (LMDA).

NDP members of the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities (hereinafter “the Committee”) would like to thank all of the witnesses who took the time to present their views and recommendations during this study.

NDP members of the committee are troubled that many of the constructive recommendations made by individuals and organizations involved in the labour market were not included in the Committee’s report, and we would like to present them here.

I. Labour shortages: a difference in opinion

The NDP believes that the government’s approach to employment and skills development is distorted by a presumed national labour shortage. The NDP acknowledges that there are mismatches in the labour market at the sectoral, occupational and regional levels that make it difficult for some businesses to find employees, but that there is no evidence to support the government’s presumption of an overall national labour shortage.

Jean-Denis Fréchette, Parliamentary Budget Officer, gave a detailed presentation before the committee, which serves to summarize much of the testimony the Committee heard. The Opposition regrets that the valuable information he, and other witnesses, provided on this front is not contained in the Committee’s report:

“The PBO has found no evidence in support of a national labour shortage in Canada. Some provinces may be experiencing a tighter labour market than was the case prior to the 2008-09 recession. Labour shortages may exist in specific sub-provincial regions, sectors, or occupations. However, the PBO found no evidence of a national skills mismatch that is any more acute than prior to the 2008-09 recession.”¹

II. The need to study the labour market

One of the reasons for these differences is that there is, at present, no effective system in place in Canada for generating adequate, accurate labour market information. Speaking before the Committee, the Honourable Jason Kenney, Minister of Employment and Social Development,² and Deputy Minister Ian Shugart³ both acknowledged these problems and the need to improve access to information on the labour market and labour market trends.

¹ Jean Denis Fréchette, Parliamentary Budget Officer, HUMA No. 28, 5 June 2014.

² The Hon. Jason Kenney, Minister of Employment and Social Development, HUMA No. 20, 1 May 2014.

³ Ian Shugart, Deputy Minister, Human Resources and Skills Development Canada, HUMA No. 21, 6 May 2014.

The NDP maintains that this situation must be remedied in order to develop a coherent national employment policy that reflects labour market realities, in cooperation with the provinces and territories.

2.1 Statistics Canada's mandate

To that end, the NDP recommends giving Statistics Canada the mandate to conduct an ongoing study of the labour market. Most witnesses argued that this approach is essential for informed action on training and skills development.

"[W]e need solid data from an institution, from an organization like Statistics Canada to really make informed decisions, not the PBO but parliamentarians and policy-makers, to really make up their minds and make good decisions about future programs. As the old saying goes—I used to say this to many people in another life, and it was good in agriculture—if you cannot measure it, you cannot manage it."⁴

Recommendation 1: That the Government of Canada give Statistics Canada the mandate to conduct an ongoing study of the current state and prospects of Canada's labour market to make possible the regular collection and publication of labour data across the country by region, sector and occupation.

While it is essential that Statistics Canada be given this mandate, many witnesses noted that it currently lacks the resources to undertake this kind of ongoing study.

"We recommend the federal government increase funding to Statistics Canada so it can develop more detailed labour market data."⁵

Recommendation 2: That the government boost Statistics Canada's human and financial resources accordingly.

2.2 Canada-wide labour market partners forum

Many witnesses told the Committee that federal, provincial and territorial authorities and other interested parties fail to collaborate in collecting labour market data and coordinating policies. To correct this problem, the witnesses proposed creating a Canada-wide labour market partners' forum.

⁴ Jean Denis Fréchette, Parliamentary Budget Officer, HUMA No. 28, 5 June 2014.

⁵ Barbara Byers, Secretary-Treasurer, Canadian Labour Congress, HUMA No. 23, 13 May 2014.

“A permanent federal labour market partners forum should be established to contribute to the successful training initiatives and to identify other labour market measures that are needed as part of a new Canadian job strategy.”⁶

The NDP supports creating this forum and believes—as the witnesses emphasized—that it would be the appropriate platform for exchanging best practices in order to identify effective mechanisms and initiatives, and sharing the experiences of various labour market stakeholders across Canada.

Recommendation 3: That the federal government work with the provinces and territories to create a Canada-wide labour market partners’ forum comprising federal, provincial and territorial governments and labour market partners in order to discuss trends and challenges and coordinate the direction of national labour force training and skills development policies.

Recommendation 4: That the proposed Canada-wide forum study various provincial and territorial Labour Market Development Agreement implementation models; and that, to improve accountability, the members of the forum share lessons and best practices regarding the collection of reliable data.

III. Addressing labour market gaps

The NDP notes that there are gaps in the labour market in certain sectors, occupations and regions, even as unemployment rates for youth and other marginalized groups – e.g. seniors and Aboriginal people – remain especially high.

The NDP believes that employment training, particularly for youth, is fundamental to addressing this problem. Accordingly, the NDP maintains that increasing the occupational skill level of the Canadian labour force—and especially that of youth—requires improved access to employment training programs.

3.1 Improving access to LMDA training programs

During the study, most of the witnesses—including management and industry representatives—advocated for expanded access to the training programs funded by the LMDAs.

“There are some individuals who wouldn't qualify for EI benefits or EI reach back and therefore aren't really ready for that LMDA program or don't qualify. They're not [eligible for Labour Market Agreement programs] either.

⁶ Cammie Peirce, National Representative, National Office, Unifor, HUMA No. 24, 15 May 2014.

“Yet, that group in the middle has the best outcome of success statistically. The widening of programs is really important to be more inclusive.”⁷

The Minister of Employment and Social Development himself mentioned this idea and went even further, asking whether access to Employment Insurance (EI) and LMDA-funded training programs should be expanded by reducing the number of hours required to qualify.⁸

The NDP believes we need to expand access to LMDA-funded labour force training programs by reducing the number of hours required to participate.

Recommendation 5: That the government work with the provinces and territories to revise the eligibility criteria for Labour Market Development Agreement employment benefits in order to make precarious workers eligible and provide the broadest possible access to training programs funded by Labour Market Development Agreements.

The NDP is disappointed with the report’s fourth recommendation – that LMDA funding be reviewed based on demonstrated savings to the EI Operating Account – considering that the Minister of Employment and Social Development was the only witness to mention this idea.⁹

Lastly, the NDP wishes to reaffirm that improving access to LMDA-funded training programs also entails ensuring that everyone can take the training programs, including individuals in minority language communities. The NDP recommends that the LMDA language clauses contain implementation and accountability measures.

Recommendation 6: That the federal government work with the provinces and territories to include in the Labour Market Development Agreements language clauses that specify implementation and accountability measures should be taken, respecting parts IV and VII of the *Official Languages Act*. These clauses should mention the need to consult and collaborate with key stakeholders in minority francophone and Acadian communities to ensure that the Labour Market Development Agreements meet their specific needs.

3.2 Eligibility period

The NDP believes that individuals taking employment training need financial support to improve their chances of completing the training and obtaining employment.

⁷ Catherine Pennington, Senior Manager, Community Benefits and Sustainability, Northern Gateway Pipeline, Enbridge Inc., HUMA No. 25, 27 May 2014.

⁸ The Hon. Jason Kenney, Minister of Employment and Social Development, HUMA No. 20, 1 May 2014.

⁹ The Hon. Jason Kenney, Minister of Employment and Social Development, HUMA No. 20, 1 May 2014.

A great many witnesses underscored the absolute necessity of granting access to EI benefits for the duration of employment training programs so that individuals can meet their long-term needs while undergoing training.

“As well, we are recommending that the EI part I benefits be extended to the full duration of the LMDA training program.”¹⁰

Recommendation 7: That the government match the duration of Employment Insurance benefits to the duration of training programs funded by Labour Market Development Agreements.

3.3 Interprovincial mobility

The NDP believes it is important to encourage interprovincial labour mobility while respecting the specific needs of the provinces and territories.

Numerous witnesses argued for measures to promote labour mobility for both training and employment purposes. Some recommended concrete measures to assist individuals interested in moving to another province.

The NDP has proposed such support, including in Bill C-201, introduced by the NDP MP for Hamilton Mountain. Most of the proposed solutions took the form of financial aid.

Recommendation 8: That the government study the benefits and costs of providing financial support to individuals interested in moving to another province or territory in order to fill available jobs or take training.

3.4 Employer engagement in skills development and training

The NDP believes that, to overcome the labour force training challenges Canada currently faces, employers must substantially increase their skills development efforts. During his appearance, the Minister himself underscored the merits of this approach.

“Some of the principles that we think are useful include a greater participation of employers in the training process, trying to leverage increased employer investment in skills development and job training.”¹¹

To that end, the NDP supports the reintroduction of an LMDA-funded internship program, targeting youth in particular.

¹⁰ **Marie-Lou Donnelly**, Commissioner for Workers, Canada Employment Insurance Commission, Department of Employment and Social Development, HUMA No. 27, 3 June 2014.

¹¹ **The Hon. Jason Kenney**, Minister of Employment and Social Development, HUMA No. 20, 1 May 2014.

Recommendation 9: That the government assess the possibility of involving employers more directly in the delivery of training, including the reintroduction of a workplace internship program during the Employment Insurance benefit period and/or offering tax or financial incentives for businesses providing on-site training (that meets certain criteria, to be defined). One of criterion could be the transferability of acquired skills and knowledge from one business to another.

Finally, the NDP maintains that we must support employers—especially small and medium-sized businesses—that demonstrate a willingness to hire and train youth, particularly in regions with noticeably high unemployment rates.

Recommendation 10: That the government create a youth hiring and training tax credit targeted at small and medium-sized businesses and regions with noticeably high unemployment rates.

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We would like to thank all of the witnesses that appeared before the HUMA committee during the course of the *Better Jobs for Canadians: A Study on the Renewal of the Labour Market Development Agreements* study. The Liberal Party supports the intent of the study and its recommendations; however, we feel the recommendations did not address all of the key concerns or suggestions of the stakeholder groups that appeared before the Committee or submitted briefs for consideration.

It has been almost 20 years since the original Labour Market Development Agreements (LDMA) were negotiated. Over that time, Canada's labour market has undergone some major changes, including a rise in precarious employment (e.g. part-time, temporary) and an increase in the long term unemployed as a result of sector and industry restructuring (e.g. manufacturing industries). The renewal of the LMDAs must be realigned to better reflect the current reality for both the individual trying to find a job or a better one, and the employer seeking a worker to increase firm productivity and competitiveness.

The following are some areas that the Liberal Party believes the study could have been strengthened.

Labour Market Information – good information is necessary for good decisions

The study is correct that individuals, employers, educational/training institutions and governments “*all need Canadian labour market information to make the best possible decisions with respect to careers, training, hiring, identifying best practices and using public funds.*” Timely, accurate and useful LMI is critical, and Canada's current LMI is simply inadequate to meet the needs of stakeholders in today's labour market. Although we agree with the study's recommendation that the government continue to invest in ways to improve LMI, we believe it does not go far enough to ensure positive outcomes.

Unfortunately over the last half decade the government has sacrificed supporting strong LMI for ideological or budget cutting purposes. For whatever reason there is no denying reliable and relevant LMI has not been a priority for this government.

Cuts to agencies like Statistics Canada is one example of how LMI has been diminished to the detriment of individuals, businesses and the government itself. Over the past two years alone, Statistics Canada's core budget, excluding spending on the census or contracted surveys, has been slashed by \$29.3 million (more than 7 per cent) and its staffing has been cut by 767 people, or 18.5 per cent.

It has been four and a half years since the federal government received the final report, *Working Together to Build a Better Labour Market Information System for Canada* from the Advisory Panel on Labour Market Information, chaired by Mr. Don Drummond. Yet the government has failed to fully implement many of the Advisory Panel's report recommendations, including one of the most important dealing with governance.

The Panel had found that the lack of an accountable body to make a cohesive, coordinated plan for the identification, collection, dissemination and communication of

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information was the main source of confusion surrounding LMI at the time.¹ It had recommended the Forum of Labour Market Ministers become that governing body. It is now four and a half years later and that recommendation has yet to be implemented, and there is still confusion surrounding LMI.

The study recommends examining the benefits and costs of establishing a Canadian Institute for Labour Market Information. The Liberal Party supports this idea as it is based on the principle of “cooperative federalism”. The Liberal Party believes the federal government needs to take a leadership role in working collaboratively with the provinces/territories to create one coordinating body or organization for consistent LMI.

Having one accountable body for LMI is important, but equally important is ensuring the LMI is relevant, timely, and accurate for its users (i.e. individuals, businesses, governments and educational institutions).

Several witnesses, including the Parliamentary Budget Officer, as well as the 2014 Don Drummond report discussed critical information gaps in LMI; specifically related to labour supply and demand. The study is correct that:

“In order to make good public policy decisions with regard to the labour market, the federal and provincial/territorial governments need current data on labour demand by employers and labour supply by job seekers by region, industry and occupation. Without these data, it may be rather difficult to effectively address issues surrounding the matching of job seekers with available jobs in some regions, industries and occupations.”

LMI users are demanding more granular information. They want data at the local level and with fine details on occupations and skills. Committee witnesses, as well as the 2014 Drummond report, recommended that Statistics Canada needs to improve its Job Vacancy Survey to provide current labour supply and demand data. On the demand side, witnesses recommended the Job Vacancy Survey should be enhanced to provide local information with greater granularity on occupations, and questions should be added to improve the survey’s usefulness as a policy tool.² The Liberal Party believes this is a recommendation that would have strengthened the study and led to better LMI.

It is essential that Canada’s LMI system effectively matches skills and labour market needs. It is impossible for labour market partners to be successful if there is not good LMI on what skills are needed or available. As Drummond stated in his June 2014 report, *“Better LMI will not solve all the problems in the labour market. But it would provide a critical platform from which all agents [individuals, businesses, educational institutions and governments] could make better decisions.”*

The Liberal Party agrees with Mr. Drummond, and believes the renewal of the LMDAs will be poorly served if proper emphasis is not placed on redesigning and retooling our

¹ Don Drummond, *Wanted: Good Canadian Labour Market Information*, Institute for Research on Public Policy, June 2014.

² Ibid.

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LMI systems to ensure better information for those who need it to make informed decisions.

Governance - collaboration and coordination between labour market partners

The Committee heard that more can and must be done to increase consultation, collaboration and coordination between and among federal and provincial/territorial partners and other stakeholders (i.e. employers, workers, education/training institutions and communities). This is not only for the benefit of the individual stakeholders at the provincial/territorial level but for the benefit of achieving pan-Canadian goals. Key to achieving this is a good governance structure that includes a pan-Canadian dimension for the partners to collaborate and cooperate through.

There is no worse example of federal leadership in consulting and collaborating with the provinces/territories than in the introduction of the Canada Job Grant. First, unilaterally declaring it was taking back \$300 million in skills training funding (Labour Market Agreement funding) the provinces/territories used to train the most vulnerable people in our society (i.e. persons with disabilities, older workers, and uneducated youth). Then telling them that they had to ante up \$300 million of their own money for the government's new program that they had never been consulted on or heard about until it was announced.

Instead of working with the provinces/territories and other stakeholders to create a much needed skills training plan, the government wasted a year fighting and threatening them. The Liberal Party has a fundamentally different view of the provinces/territories – we see them as partners not adversaries.

Existing LMDAs are bi-lateral silos with little pan-Canadian perspective built in to their design. The renewed LMDAs need to ensure that national priorities are reflected in their design and implementation in addition to meeting provincial/territorial goals. The Liberal Party believes this is necessary to ensure there are programs in place to effectively react to issues affecting the national labour market, as well as ensuring there is pan-Canadian cohesiveness and coordination across the country in the employment and skills training services provided through the LMDAs.

A number of witnesses supported labour market partners' forums or similar entities to promote coordination and collaboration. As well, there was support for a pan-Canadian forum. Mr. Meredith spoke to this point, *"It is vital that the LMDA process provide a renewed governance mechanism that goes beyond bilateral policy-making, and enables an active pan-Canadian forum for planning, priority setting, and intergovernmental collaboration and experimentation."*

The Liberal Party agrees with the belief that good governance is key to ensuring effective and successful LMDAs. This includes ensuring there are active dialogues occurring at the provincial/territorial level and national level among labour market partners. These forums can play an important role in building linkages between labour market partners to promote consultation and collaboration, and help coordinate

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information sharing. The Liberal Party believes the study should have recommended the government work with provinces/territories to develop these types of forums.

Ensuring more unemployed Canadians get access to training

Too many Canadians do not qualify for the income and training supports they need to transition back into the labour market. The percentage of unemployed workers eligible for Employment Insurance is at a 70 year low. The result is that training programs funded through the LMDAs only serve about 37% of unemployed Canadians. As a consequence, the increasing number of people stuck in precarious work or in long term unemployment are unable to access the training support that would help them find a job or acquire a better one.

The Liberal Party believes it would be naïve to think our labour markets would be best served through renewed LMDAs that exclude over 60% of unemployed Canadians. We support the study's recommendation to review the eligibility criteria for employment benefits provided under the renewed LMDAs and hope that it leads to increased access to training opportunities that will lead to re-employment.

Importance of Literacy and Essential Skills Training

The Committee heard from a number of witnesses that literacy and essential skills are increasingly an impediment to individuals' performance in the labour market. Moreover, because formal training requires a basic level of literacy, poor literacy skills make it more difficult and costly to improve other advanced skills. Many witnesses who expressed these concerns were business representatives, including:

Sean Reid, Progressive Contractors Association of Canada: *“The essential skills around literacy and numeracy is still a core issue, especially when we're talking about completion rates. There are basic literacy barriers that are preventing people from completing and challenging their exam effectively. We can't lose sight of those.”*

J. Craig Martin, Canadian Welding Bureau: *“In the welding industry that one of the largest barriers we have to people completing the training is the inability to read the documentation, to apply basic math skills. In some cases, we see training organizations putting people through those courses first and assessing that ability to actually be successful on the technical side. I can't speak to what's happening at the secondary level in terms of improvements needed there, but certainly as people move into a trades training program, literacy and numeracy skills are critical.”*

Catherine Pennington, Enbridge: *“But I go back to a message that I want to bring to this committee, which is that essential skills are critical before training for technical skills.”*

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Barbara Byers, Secretary-Treasurer of the Canadian Labour Congress, also spoke about the desire of workers to have more broad based skills - *“workers want more than just firm specific skills. They want broadly based training that provides a wide range of skills, including better literacy and essential skills upgrading.”*

The Liberal Party believes literacy and essential skills are crucial for an individual's social well-being and our country's economic development. Literacy and essential skills provide the foundation from which other more complex skills are based. Without getting the basics right, Canadians cannot build the more advanced skills the labour force requires and the economy needs to be competitive.

Studies show that almost fifty percent of adults lack the literacy skills they need to succeed in the modern economy. The Canadian Chamber of Commerce sees this as a major issue for employers as much as it is for workers. It said in a recent report³, *“A lack of essential skills is also holding back many existing employees who could become more productive through training.”*

The government has shown through their actions and words that they simply do not believe in the importance of literacy and essential skills and the role of the federal government in ensuring Canadians have these necessary skills to be productive workers and members of society. The government has continually allowed millions to go unspent (over \$70 million since 2006) for literacy and essential skills programs; cutting funding to national and provincial literacy agencies; and eliminating \$300 million from Labour Market Agreements that provinces/territories used, in part, to pay for literacy programs to help the most vulnerable Canadians re-enter the workforce.

The Liberal Party believes if Canada is going to have a strong Middle Class it must be a place where upward mobility and equality of opportunity is there for everyone. There is no single more important factor to equality of opportunity than education, including strong literacy and essential skills. The Liberal Party believes there should have been a recommendation urging the government to recognize the importance of literacy and essential skills training to raise the skills level of Canadians so there will be a larger pool of talent ready to take advanced training.

³ *Tackling the Top Ten Barriers to Competitiveness 2014*, Canadian Chamber of Commerce, February 2014.

