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**Chair**

**Mr. Phil McColeman**



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

Tuesday, May 6, 2014

•(0845)

[English]

**The Chair (Mr. Phil McColeman (Brant, CPC)):** Good morning, ladies and gentlemen, and welcome to meeting 21 of the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities.

Today, Tuesday, May, 6, 2014, we're continuing our study on the renewal of the labour market development agreements. For our first hour, we have officials from the Department of Employment and Social Development to provide a more detailed overview of the LMDAs.

We have with us Mr. Ian Shugart, deputy minister, and Mr. Frank Vermaeten, assistant deputy minister, skills and employment branch. We also have Mr. John Atherton, director general, skills and employment branch.

Because of the wide scope of the subject-matter at hand I have decided, for the first panel, to allow 15 minutes for your presentation. I believe you are going to be leading that, Mr. Shugart. You have the floor.

**Mr. Ian Shugart (Deputy Minister, Department of Human Resources and Skills Development):** Thank you very much, Chair, we're glad to be back before you on this subject.

If you allow me, Mr. Chair, I would just like to mention that this will, in all likelihood, be Mr. Vermaeten's last appearance before this committee. After about five years as ADM of the skills and employment branch, he has accepted a senior position at the Canada Revenue Agency. We should all henceforth look out, I guess.

I want to give credit to Frank who has been before this committee many times over the years, including in some difficult times. He has served the department, the government, and the committee, I think, in the best traditions of interaction between parliamentarians and public servants. I wanted the committee to be aware of that.

Frank is going to take you through the deck that we have provided. Our intention is to give you some brief history of the labour market development agreements by describing the structure and the services that are provided through the LMDAs. The minister outlined last week the subjects of interest as areas of change, and those are included in the deck as well.

We're more than happy to provide for the committee any further background information on the LMDAs that would be of use to the committee.

With that, Frank, you can take us through the deck.

**Mr. Frank Vermaeten (Assistant Deputy Minister, Skills and Employment Branch, Department of Employment and Social Development):** Thank you very much, Ian. Good morning to everybody.

We only have about 10 minutes to go through the deck. So why don't we go straight to page 3. I hope this deck will be helpful in terms of really understanding labour market development agreements. I think it might take a couple of go-throughs, in terms of when you take this home. But I think you'll find it very useful.

There is a bit of history here on page 3. Until 1995 we had a federal system running the unemployment insurance system. We had the income support, of course. There was some recognition that additional counselling and training support was also needed. So those were provided by the federal government, both the income support and the employment programs. But there was a growing consensus that it wasn't enough, that more had to be done to make sure the support systems were in place to get those who were on unemployment insurance back to work.

Along came 1996 and significant reforms, and with them came a renaming of the system as "employment insurance" and a formal recognition that there were two roles there: one, to support the unemployed as far as providing income support while they were searching for work is concerned; and two, that there should be a tailored suite of employment programs to prepare clients to return to work. So the objective is actually set out in the legislation for the part 2, to get clients back to work quickly.

It also allowed, in this legislation, the ability for provinces and territories to deliver this part 2 training. With that legislative framework, along came a process of devolving that responsibility of the delivery part to the provinces and territories.

So it came in two waves. First, from 1997 to 2000 New Brunswick, Alberta, Manitoba, Quebec, the Northwest Territories, Saskatchewan, Nunavut—these provinces and territories—took over the delivery of this training. Then the second wave was from 2007 to 2010, when the rest of the provinces and territories started delivering. So by 2010 we had all provinces and territories delivering this training.

If we turn to slide 4, we can look at the size of this program. It is roughly \$2 billion are transferred to provinces and territories. To be specific, it's \$1.95 billion for program funds, plus an additional \$190 million for the administration of this part 2 programming. So this funding provides for a fairly extensive network across the country. We've talked to the provinces and territories and asked them how many points of service there are. We estimate, from their information, that there a thousand points of contact across Canada.

At the last committee meeting, the question was asked as to where that authority for them to deliver it comes from, and the framework. It is in the EI Act. There are employment benefits and support measures and the part 2 part is the description in the legislation of what is to be provided. So this is generally set out in the legislative framework. Then provinces and territories are required to provide services that are similar to this EBSM framework.

So let's look at what that is on page 5. What are the employment benefits? There are two elements here. The first part, the employment benefits, are there to help maintain a sustainable EI system through the establishment of benefits of insured participants. So the employment benefits here are for insured participants. What we mean is that those who are currently claiming EI, or who were in receipt of EI in the last 36 months or, when it comes to maternity and parental, in the last 60 months.

These are the employment benefits. They're set out in legislation. What are they? They're skills development. You can see targeted wage subsidies, self-employment, job-creation partnerships, and targeted-earning supplements. Each of these is fairly self-explanatory. Those are the employment benefits set out in legislation.

If we turn to slide 6, the second part of the LMDAs is the maintenance of a national employment service. This national employment service is to "provide information on employment opportunities across Canada to help workers find suitable employment and help employers find suitable workers". The key here is that the service is broadly available to Canadians whether they receive EI or not. Those are more of the general services they are provided.

• (0850)

What does it consist of? You can see in the right-hand column, employment assistance services, such as providing labour market information to individuals, counselling, job search assistance, as well as two other things, those being labour market partnerships and research and innovation, which allow for flexibility if the province or territory wants to try something new in delivering these services.

We've got the two parts. We've got the employment benefits, which are available to those collecting EI essentially, and we've got the support measures, which are broadly available to all.

If we turn to slide 7, you can get a sense of where the money is spent, what provinces and territories do with the roughly \$2 billion. The top line here says that 647,127 LMDA clients accessed this in a recent year and over one million interventions or services were provided.

If you look on the left-hand side, you can see the employment benefits and the services provided to those that were exclusively for EI clients. You can see the bulk of the money, the bulk of the total \$2 billion, is spent on skills development. You can see that just under

120,000 people received skills development. That is basically the training. Roughly half of the \$2 billion was spent on the training. That's where a good part of the bulk of the money goes. It's a smaller share of the total of the one million interventions because these are quite expensive.

If you go to the right-hand side, the support measures, 31% of the total \$2 billion was spent on employment assistance services. That is providing those basic services. It's having those offices where individuals come in and get the counselling, the labour market information, the help with their CVs, the ideas on where they can find work.

Between the training and the employment assistance services they make up 80% of the money, and the rest is spent on some of these smaller measures such as self-employment benefit and targeted wage subsidies.

If we move on to slide 8, you get a bit of a sense of some of the trends. There haven't been massive shifts in the trends, but you can see some shifting going on here.

First of all, the number of people getting employment benefits fell from 20% to 14%. You've got less people out of the total taking training and more people getting employment assistance services. So there's a bit of a trend there.

The share of expenditures in turn also fell. It was a little bit less on the employment benefits and more on the support measures. Active measures fell to some degree. There is a smaller share of people collecting EI benefits from these measures. A large share of former EI claimants benefited and a large share of non-insured clients benefited from these services.

There was some regional variation. I don't think they are terribly interesting. Of course, there are national trends and some provincial trends.

If we move to slide 9, it is quite interesting and quite germane to the discussion here. How effective are LMDAs?

Overall the results are pretty good by international standards, if we compare how we are doing with the U.S. and how we compare to some of the European countries. They are good, but of course, we think they could be significantly better.

On the left-hand side of the chart here, you'll see the type of programming. The first one is skills development. Skills development, again, is training. How much does training cost typically? It costs \$7,200. It's not cheap to send somebody for training; it's a \$7,200 intervention.

What do we get in return? We have these studies that look at each year. We look at their tax data and see what's happening to their income. What we see is that over the course of five years—and we have tracked it for five years—their total income has gone up by \$13,000, not per year but cumulatively over five years. We have reason to believe that this continues, because when we look at year-five data, their income is up about \$3,000 a year compared to somebody who didn't take this training. But we don't have data beyond five years.

● (0855)

What do we see? We see the incidence of EI has gone down, and it's saving the account about \$976 over that five years. That's skills development. Again, that's where the bulk of the money goes.

We look at wage subsidies. They cost less. The employment earnings go up by only \$7,000, but you need to recognize that the targeted wage subsidy costs only two-thirds of what the skills development costs.

I'll take you to the last one, the employment assistance services. Again, you can imagine it's quite a bit cheaper there, because you're coming and getting help with the CV, getting labour market information. It's only \$700 per intervention. The employment earnings go up somewhat, by \$358 over those five years, and the use of EI goes down significantly. So you get positive results out of these interventions to some degree roughly commensurate with the type of investment you make.

Let me turn to slide 10 then. As I said, the evaluations are showing some positive results, but we've never looked fully at the system to see what kinds of changes we really need to make. A good time to take stock is when we've finished the devolution of the actual delivery, so now it's time to take stock. The labour market has changed. Provinces and territories are delivering this. Is this the best we can do? What we want to do here is look at ways to improve it.

If you look at the list on slide 10, you'll see we want to better prepare Canadians for the labour market for the future. We want to increase return on investment in employment training so that we get better outcomes for real jobs. We want to enhance performance measurement, and report on meaningful employment outcomes. We want to do a better job than we're doing right now. We want to address the skills gaps where they exist in particular occupations and sectors and regions, and make sure the right kind of training is going to the right people. We want to ensure employer involvement in training decisions so that individuals receive the needed specific training for specific jobs. Again, you've heard this before, about making sure employers are involved in that process. Not only do we want to get employers involved in the decision, but we'd like to get employers involved in the investment of training so that they have an interest in making sure we have the best possible outcomes.

Finally, for my part I'll speak to slide 11 briefly. The Minister did, I think, a very good job of setting out what we see as the main areas of transformation, after we had a look at it as the officials responsible for this system. I want to stress that this is our perspective; this is one set of ideas. That's precisely why you and others are going to be looking at this in terms of what other ideas there are. When we look at this, we have the five areas of transformation. The Minister has gone over them, so I'll just go over them briefly.

One is better connecting training directly to employer demand. As I said, we want to increase employer involvement in training—the Minister really stressed that—but we also want to support individuals in identifying demand-driven training opportunities. What does that mean? We want to be sure that the individual has a bit more control and a bit more choice when it comes to the training decisions. I'll point to two aspects of that. One is about encouraging mobility. 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. We also want to be sure the individual has a choice. For example, sometimes an individual might come to an office and say, “You know what? I know what I want to take. I'm willing to pay for the training, but I want to be sure that I continue to get EI while I'm on training.”

● (0900)

We want to be sure that those systems are in place, that there's a co-decision there, and that if an individual wants to make an investment in training with the government, those systems are in place.

Second, we want to support more effective returns to work. Here we're talking about earlier targeting and referral of EI clients. In the way it happens right now, it's a “first come, first service” basis at the door. Many times, individuals are reluctant to go to their provincial or territorial office. They don't do it until late in the process.

What we find is that about 25% of the clients actually aren't getting any kind of support until six months into their claim. Then their EI benefits have almost run out, and you think that maybe there should have been an earlier intervention; maybe they should have received a phone call to ask them how they could be helped with finding a job. Is it that they're lacking the labour market information? Is it that they need training? With earlier interventions, is there a way to target clients to figure out whether, since there are obviously employers looking for people there, we can do a match? That's an important part.

Third, we want to ensure that eligibility is responsive to evolving labour market needs. On the one side, we define who is eligible for the part 1, the income support, and we also say who's eligible for part 2. Well, there may be situations in which, even if individuals aren't eligible for EI, they should perhaps be eligible for training.

We're thinking in particular of youth or older workers who may not have sufficient hours, or others who are in under-represented groups or long-term unemployment. They don't have sufficient hours to collect EI, and that makes them ineligible for the training, but maybe we should make them eligible for training. We need to look at who is eligible for training.

Fourth is to provide that the LMDA program generates EI savings. Here we want to look at pay for performance. Pay for performance is a process used throughout many governments to try to increase effectiveness. It's used in the private sector.

Is there a way to set up an incentive structure with the provinces and territories to tell them that if they can get people back to work more quickly and we save on employment insurance—on the income supports—then maybe we can flow back some of those savings to them for providing the part 2 benefits?

Finally, we want to enhance performance measures. Right now, we collect some good data, but I think we can collect better data on outcomes and investments, so that we can make sure that over time the system continues to evolve to be as effective as possible.

Ian, do you want to move on to the next steps and other—?

● (0905)

**Mr. Ian Shugart:** We'll just conclude, Chair, with saying where this whole process will go. The minister indicated that our goal is to have this wrapped up, in the sense of having agreements with the provinces, or at least a good, strong sense of direction, by the end of the calendar year.

[Translation]

We are continuing our discussions with the provinces and territories. There will be round tables with the stakeholders, in which the parliamentary secretary will participate directly.

Given the nature of the subject, the employment insurance commissioners will also need to participate in the process.

[English]

We have an interesting innovation with the employers' group, the Canadian Manufacturers & Exporters, with an online platform for consultation with employers. Of course, we'll be meeting with Mr. Kenney's counterparts in the provinces, and your work on this subject will inform the government's decisions on this as well.

So that's where we're going, and that's our presentation this morning.

**The Chair:** Thank you very much. That was very well laid out, and this is a great start, from our committee's point of view, in terms of where we're going to go.

Let's get into questioning. We'll have five-minute rounds, starting with Madame Groguhé.

[Translation]

**Mrs. Sadia Groguhé (Saint-Lambert, NDP):** Thank you, Mr. Chairman.

Thank you to the witnesses for their presentations. They have clarified a number of issues.

My first questions are on the LMDA renegotiations. The government has earmarked an envelope of \$1.9 billion for the LMDAs for programs and support measures each year. Will the entire envelope be renewed? How do you see this renewal?

**Mr. Ian Shugart:** We believe that the availability of the envelope will be constant, but that is not the objective of the consultation exercise. We are examining options in the current budget context.

**Mrs. Sadia Groguhé:** If I understand correctly, you are saying yes. Are there questions surrounding that?

**Mr. Ian Shugart:** That is a policy and budgetary issue for the government, but I can say that the transfers are ongoing. However, the government could decide to change the process. We are seeking to make improvements assuming that the current budget will be renewed.

● (0910)

**Mrs. Sadia Groguhé:** If I understand correctly what you said in your presentation, the overall envelope could vary depending on what is negotiated. Are we talking about variability?

**Mr. Ian Shugart:** At present, we are not focusing on the budget allocated, but instead on program content, principles, and objectives.

**Mrs. Sadia Groguhé:** I fully understand your answer.

As regards access for people without employment insurance, you shed light on the way that you hope to improve it.

Have you identified categories where people are more vulnerable than others, for example women and people aged 50 and over? Will these categories of people be given priority in what is implemented?

**Mr. Ian Shugart:** Before asking Mr. Vermaeten to give you more detail, I want to point out that we are not undertaking this exercise with a view to predetermined changes. We have no specific objectives; it is more open than that. The “directives” that the minister mentioned last week and that we have dealt with this morning are important in determining potential improvements. We are not targeting specific objectives.

**Mrs. Sadia Groguhé:** It is not as precise as what I just mentioned. Fine.

**Mr. Ian Shugart:** Your question on the clients is very important.

**Mrs. Sadia Groguhé:** All right.

We have followed the renegotiations between the provinces and the government on the Canada Job Grant, which were particularly long and arduous. Clearly, the department's willingness to act unilaterally in this area hindered the negotiations.

How does the minister plan to get the provinces and territories involved in the renegotiation process in this case, in the LMDAs?

[English]

**The Chair:** You'll have to answer to answer that through another round, because we're out of time; we're actually a bit over time.

We'll move on to Mrs. McLeod.

**Mrs. Cathy McLeod (Kamloops—Thompson—Cariboo, CPC):** Thank you, Chair.

I'd first like to wish Frank a happy time at the CRA. I just came from that side, and it certainly is a great challenge and opportunity. Thank you for all your hard work here.

I'm going to pick up a little bit on the provinces. We talked briefly about having the agreement tabled so that we would have an understanding of what the agreements currently look like, as opposed to where we're going with them. We want of course to maintain flexibility for the provinces but want to look at how they're crafted.

I guess there are a few questions here. Is there any province that is doing something really unique, that is standing out? Are there any that already have an automatic referral that is obligatory as soon as someone enters the EI system? Can you talk a little bit about some of the differences among the provinces and what you're seeing by way of possible best practices?

**Mr. Frank Vermaeten:** Sure. Thank you very much for the question.

We certainly have best practices workshops in which we try to compare innovative ideas about what provinces and territories are doing. There is a wide range. I'd say that from 60,000 feet, what provinces and territories are doing looks very similar. They're mainly providing the full range of measures, but we see some differences that we want to build on.

One—and this was part of the discussion of the labour market agreements—is that 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 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.

• (0915)

That, we think, is quite effective. They're not the only province doing it. B.C. also has, for example, a system whereby they engage employers, by sector and by region, to figure out the training required. They go through a fairly rigorous process to look at where the shortages will be next year and five years out, and they try to measure that.

So that's a best practice that is certainly worth thinking about in terms of employer involvement: that they be there at the planning phase.

We also know that many provinces have smaller programs involving employers at the micro level, with each individual employer helping to choose an individual for training. Many of them have small programs like that, and here again is something we want to build on.

So there's a whole range.

**Mrs. Cathy McLeod:** I guess we'll have some of our witnesses—

**Mr. Frank Vermaeten:** I could talk for a long time about little best practices, about best practices that certainly we want to see done in a systematic way across the country.

**Mrs. Cathy McLeod:** Okay.

There was brief mention of youth and of people who had specific challenges perhaps being eligible for some of the support opportunities. Certainly, on the face of it this sounds reasonable. But is this not the purpose of the LMA? Do those people who don't

qualify not get that duplicate support through the LMA, rather than needing to have someone ponder whether they go through LMA rather than LMDA?

**Mr. John Atherton (Director General, Employment Programs and Partnerships, Department of Employment and Social Development):** I think that's absolutely right. There's a group of folks who could be served under the LMA. In this instance, we're thinking about young people who are working and are paying employment insurance premiums. The minister, when he was here, talked about the idea that young people are the first in and first out often, when there's a change in the local labour market. The idea is worth discussing whether, when young people are paying employment insurance premiums and are not able to qualify for the passive side or the job search benefit, they could in fact be eligible for training, so that we get to that young person in time.

It's an open question, and something that I think people would like us to discuss because of this idea that young folks are paying their premium, and there's a transition there into the workforce that could perhaps be supported through employment insurance.

**The Chair:** Thank you very much. That's the end of that round.

Now on to Mr. Cuzner for five minutes.

**Mr. Rodger Cuzner (Cape Breton—Canso, Lib.):** Thanks very much, Mr. Chair.

Good luck, Frank, in your future endeavours. I'm sure the challenge at CRA will be as great, if not greater.

I have a couple of things to say.

First is a compliment. Supporting more effective returns to work—the earlier intervention—has always been a contention. If somebody were looking for training opportunities, if they had a month left.... I don't know where you draw your facts from, but I don't dispute them. Anecdotally I would say that people look a little deeper into the claim before they look for that training opportunity. If they only have a couple of months left on a claim, the fee payer wouldn't necessarily be smiled on for training assistance because they were that deep into it. So I think that early intervention there would be of great help.

Hiving this off to the provinces, though, would make it more of a challenge to pull together labour market information. We know that good policy is driven by good information. The minister himself said last week that there is not good information out there. When the Prime Minister said that the country should be seized by this crisis of the skills deficiency, that was the talk last year. Now they've stepped back from that and said there's certain sectors, certain areas of the country, that have skill shortages. That's where the continuum of discussion has gone.

Don Drummond came out with a report, in 2009, and made specific recommendations on the gathering of labour market information. Where has the department gone with responding to the recommendations that would have been made by Don Drummond at the time?

● (0920)

**Mr. Ian Shugart:** Chair, I'm not in a position at the moment to give all of the detail on each of the recommendations. I could say a couple of things about that, which I hope will be helpful.

We have not followed the Drummond report, in terms of each recommendation being acted upon as given. Our reading of the situation is that we have acted very substantially on much of the content of his report. We've worked a lot over the last several years with Statistics Canada, the Department of Finance, the Bank of Canada, to improve the quality and the coverage of the data.

When Don did his report, for example, there was no job vacancy report, which we developed with Statistics Canada and we currently use. We think there has been, certainly not a complete response to his report, but a very substantial response, and that is a continuing effort by the department.

The second thing I would say—

**Mr. Rodger Cuzner:** If I could, because we're talking about measurement, it's tough to measure "substantial". Is there any kind of written response that we would have received or would be on file that the committee would benefit from with regard to the report?

**Mr. Ian Shugart:** We have a good sense...and we could provide information on the progress that has been made. It will not correspond recommendation by recommendation to the report, but we could—

**Mr. Rodger Cuzner:** Mr. Chair, I think that would be beneficial to the committee.

**Mr. Ian Shugart:** We'd be happy to provide the committee with progress in the area of labour market information. I would stress that this is a work in progress. 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.

Our goal is to use these conversations with the provinces as a vehicle for improving the partnership between jurisdictions, so that whoever has information provides it in a kind of open platform, and whoever needs information, can go to that open platform to receive it.

If we had our way, we would involve the learning institutions, the universities and colleges, and training institutions, as well as employers, and, where appropriate, administrative data. The work that we're doing in the job bank is a key set of progress that will help us in a whole range of programs—employment programs, the employment insurance program and so on—to improve quick returns to work and better job matching in the country. This is a major commitment in the department. We're not where we need to be, but we've made and continue to make good progress in this area.

**The Chair:** Thank you very much.

Mr. Maguire, go ahead for five minutes, sir.

**Mr. Larry Maguire (Brandon—Souris, CPC):** Thank you, Mr. Chairman.

Thank you very much for your presentations.

Right now we have a situation in which a lot of EI clients are using about two-thirds of their part 1 benefits before returning to work. I'm wondering what more can be done to get people to return to work more quickly to reduce that net EI spending.

I see that in annex B of your presentation, one of the examples involves Hugh Munro Construction and the two-stage training process. I wonder if you can elaborate on that to see if that fits with the earlier question I had.

● (0925)

**Mr. Frank Vermaeten:** Thank you very much for the question.

I think a range of things can be done to reduce the use of EI by getting people back to work more quickly.

The first thing I would like to talk about is using a better referral system for EI clients. We have done some of the work towards that. We've set up a gateway to exchange information with the provinces and territories to make sure we have a secure line to transfer data. That's being put in place right now.

That 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.

We do a little bit of that right now, but with this improved gateway, we're going to be able to do a lot more. I think that's one aspect of getting people back to work more quickly.

The second thing is that we want to be able to collect better data to understand what works for whom in the best possible way. I think that's going to be really important, and that's why you want to improve these performance measures, to figure out the best approach for each individual. So there's another thing that's going to help people get back to work.

Third, it's again about having the right kind of training for the individual. I talked about data, but there is also that employer involvement. If we can encourage provinces and territories to get better connected with employers, they will know right away what employers are looking for in an individual. It's not just what's on paper there, but a better description of the skills they need.

Let me add one more thing about something the federal government is working on that's going to help provinces and territories as well. We've recently introduced—and this speaks to Mr. Cuzner's question on labour market information—a job alerts system. This job alerts system allows individuals, whether they're on EI or not, to sign up for a service. They enter their basic information—"I am looking for a job locally in Ottawa", or "I'm willing to move anywhere", "these are my skills, and this is the kind of job I'm looking for". As soon as employers register for the job bank where they have a job that matches, or Workopolis or one of the other job boards matches, twice a day we send that individual potential matches. So that job alerts system is going to alert people to the opportunities out there. That's going to help people, and it is already helping people get back to work. We want to continue to build on that.

The government has talked about putting in place a job-matching system so we can really get the two sides together—the individual who is looking for the job and the skills they have and the employer who is looking for somebody and the skills they're looking for. We can match the skills in a much better way. That's the next step.

All those things are going to help people get back to work more quickly.

**Mr. Larry Maguire:** So in essence the job registry is between the employer and the potential worker. Provinces can play a role in that—and they do of course—but do you work more directly with chambers of commerce at all, or is it more on an individual-company basis as well?

I wonder if you could expand on what my colleague asked earlier with regard to the differences in provincial programming. But also, what do we have that we can look at from outside of Canada with regard to other countries providing similar programs? How far abroad do we go with regard to trying to look at successful programs in other nations?

• (0930)

**The Chair:** Again, you're going to have to defer your answer on this. We're over time. Perhaps that can be woven into another answer.

To Mr. Garrison now, for five minutes.

**Mr. Randall Garrison (Esquimalt—Juan de Fuca, NDP):** Thank you very much. I'm very pleased to be at the committee this morning to talk about this topic, and I thank the officials for their presentations.

I want to start by asking about what I see as a couple of large challenges the labour market development agreements have.

There was a 2013 OECD report that said that Canada provides the least protection of any OECD nation against job loss for part-time workers, and only the United States and New Zealand provide less protection for full-time workers. What it's really saying is that there's no incentive for employers to retrain people in the way our labour market is structured, but, instead, to lay people off at the first opportunity. That seems to provide a big challenge for the labour market development agreements if we don't encourage employers to retrain rather than lay off employees.

The second one, of course, is that only four out of ten workers are qualifying for employment insurance and, therefore, for the more intensive retraining programs. So you've set yourselves two big challenges, I think, when dealing with labour market agreements there.

My first question is, wouldn't easier qualification for EI benefits for youth and others in high unemployment regions really provide them with better access to the training they might need to avoid future unemployment?

**Mr. John Atherton:** In your first question, I think you have raised one of the more fundamental issues that almost all OECD countries are facing, the balance between flexibility in your labour and product markets with the social supports. When you look across countries—and it goes to the question I think the previous member asked—there are lots of different ways to judge that balance in Canada and how it contributes to our strong economic performance.

There's a balance here between the flexibility and the security, and employment insurance is only part of what is provided in Canada. If you look across the broad range of agreements, and especially the \$3 billion in support that's provided from the federal government to the provinces and, in addition, their constitutional responsibility for welfare clients and so forth, in their entirety I think you get a better balance.

But getting this balance right is part of the questions we're talking to provinces and stakeholders about. We have, in fact, raised issues of whether or not young people, or people with fewer hours, or people who have been out of the labour market longer, should get access to EI. These are the questions that we want to talk to people about, but, of course, inside of that you have an insurance system in which people are paying premiums and we want to make sure that the program is there for premium payers.

On the four of ten workers qualifying for employment insurance, I think the committee should consider a couple of factors. I think when you look at it at any one point in time, you may find that four of the ten people who are unemployed at any one time may not be on employment insurance, with part 1 benefits, but employment insurance, part 2, is available for a much broader spectrum of people.

In Frank's presentation, he talked about the fact that we have both a look back and a reach back function in employment insurance, part 2, so even if you have exhausted EI benefits and you're not captured in that beginning figure, you can come in and get EI part 2 for up to three years. Even if you're looking for a job and unemployed and not counted in the 40% figure, and you were on maternity or parental benefits up to five years ago, you qualify.

When we're thinking about employment insurance, part 2, I think I would be careful with that 40%. My judgment would be that it's a far different number because of the expanded eligibility.

Thank you.

**Mr. Ian Shugart:** The only thing I would add, Chair, is that the concern about those at risk of layoff was one of the flexibilities offered in the Canada job grant. Employers can use the Canada job grant for employees that could be at risk of layoff because of outmoded skills, or what have you. They can use the Canada job grant to increase that retraining, so that is a step in that direction as well.

• (0935)

**Mr. Randall Garrison:** My second question, which kind of flows from that, is about consulting the stakeholders. Admittedly, I haven't been here for all the presentations, but I don't see anything where those who actually are collecting employment insurance, the workers, are being consulted as part of the labour market development agreement renewals.

We know that some of the unions running employment help centres are receiving support from the United Way, particularly in Ontario. There are quite a few unions that are running their own centres trying to help their members get back to work. I wonder if there's a place for them in these consultations and in the decisions about where training dollars should go, based on their on-the-ground experience.

**The Chair:** Again, I'm going to have to cut it off there.

I'm pretty strict on time because we have limited time with you here just for the first hour, so we'll go on Mr. Mayes for five minutes.

**Mr. Colin Mayes (Okanagan—Shuswap, CPC):** Thank you, Mr. Chair.

I'm interested in what I have in my notes here on these performance indicators that the department uses to ensure that the plan is fully accessed and the costs and benefits of the program.

One of the experiences we have in British Columbia is that we're right next door to a very prosperous province that has high labour demands. We're finding that especially the youth are going there and working in camps, making big money, coming back, and then collecting EI.

Then, of course, as part of that benefit, they have to be actively looking for work or be retrained. We're funding that, and then all of a sudden they don't show up. I've talked with those in the service or training delivery of the program, who have said that they just don't show up. It's really a challenge to get them back, because they work this into their career. They work, make big money, and come back and collect EI. This is a little bit of an issue, as I say, especially for British Columbia, because we have such an opportunity for youth to go into the oil patch or to Fort McMurray, "Fort Mac".

There is a right to access EI, and I understand that, but there's also a responsibility to the system. I was wondering, as far as your review of things goes, are there any ways that we can safeguard that type of access to the system? Can we try to make it so that we can help youth look beyond just the year-to-year to a future in a trade or to some sort of training that they should get and that would make them desire to be a permanent employee? Also, working with the employers...?

**Mr. Frank Vermaeten:** Thanks for that question.

I think you pointed to a pretty big challenge in trying to provide that right balance of getting individuals to have the incentive to look for work and to keep a job, and then trying to figure out what the best game plan is going forward. That's a really complex issue.

I think the government is trying to proceed on various fronts on that question. I think one is on making sure that individuals have an incentive to take work and then stay at it. We have an initiative the government introduced about 18 months back. It's called "Connecting Canadians with Available Jobs."

The initiative there was to try to make sure that, on the one hand, individuals have the labour market information to be able to look at what jobs are available to them, and then at the same time to set out the obligations for unemployed individuals, to make sure that if they do lose their job, or leave a job, governments look at this carefully to see if they are making active efforts to try to find work or to keep work. We ask them to keep a record of that, to keep a journal, and to say, "These are the things I'm doing to try to find a job." We describe exactly what kind of job that individual should be prepared to accept. That incentive structure I think is there increasingly to make sure that individuals are keeping a job and looking for a job.

I think you're absolutely right in terms of thinking beyond that to ask, "Is it any job or is it the right job?" I think this is where we're looking at both the LMAs and the LMDAs to ask if we can have a better match for the individual and the job market, and also for the job that's going to be there a few years out. Yes, you need good labour market information, but you also need employer involvement. Employers do have that medium-term perspective in terms of saying that there's an LNG project, and three years out, this is who they're going to need for it, and five years out, this is what they're going to need. We need to try to partner up with employers to make sure that we and the provinces and territories are training people for the jobs of tomorrow that are going to be there—and the good jobs.

• (0940)

**The Chair:** Thank you.

You're actually giving 10 seconds to me because I'm going to take an opportunity here to ask a couple of questions. I want to kind of give some perspective on what you were saying with the involvement of employers and, in particular, on when you suggested that the Canada job grant would be an option for an existing employer to look at before they laid someone off as an option to enhance their own workforce.

I had a company with approximately 20 employees on average in the renovation business. There were times when we didn't have enough work, and I had to lay people off, but it's tough in a small company. As we know, small companies operate—what?—the percentage is 80% of our economy, and typically in real-world Canada, there are close personal connections to your employees in these small companies.

I've always said that the most difficult thing to do was to lay someone off, worse yet, have to fire someone, but I'd just like a couple of brief comments on the outreach part of what you've discussed, if you could. The outreach part of what you talked about really resonated with me, as well as your comments in terms of the delivery of these actually active service people within the employment insurance area, the part II part of it, reaching out to employers at the time of a layoff, let's say, or a potential layoff, when someone comes in.

Perhaps someone could call that employer back and ask, "Did you know that you could do this as a measure?" This is particularly useful with small companies because many owners wouldn't know that. That kind of opportunity I think would be helpful to many small companies, so I'd appreciate maybe a couple of closing comments along those lines.

**Mr. Ian Shugart:** Thank you, Chair.

You've articulated a number of challenges, as all members have and, frankly, given us a lot to think about as we go from here.

On the first point, I don't think any program or network of programs can completely insulate the labour market from the ups and downs and the vagaries of economic activity, but the goal is to provide for people when those things happen; that's EI part I.

What we want to do is to use the labour market agreements, that's the Canada job fund and the LMDAs now, to shorten the pipeline, if you like, between that kind of business decision, the training decision, and the impact on workers.

John described the reach-back, the look-back provisions. We think that that is a sensitive element of EI part II that allows for some of that insulation. Add to that the Canada job grant ability of employers to provide the prospect of a real job at the end of training, but it's in the context of avoiding layoff, maybe retooling in the direction that the business needs to go or where there is more economic opportunity.

Given that we've got the agreements in principle and leading to the formal agreements with the provinces on the Canada Job Fund, we're optimistic that that will now become part of the suite of programs that the employment centres that Frank talked about, the contact centres, will make available to employers.

We're also open to the employers coming together in areas where there might be concern about someone else getting the benefit of that training, of employers coming together in consortia and taking advantage of the Canada job grant, or presumably, one could be doing this through the LMDAs as well, so that a broader pool of workers is trained up for areas that a particular sector or region of the country might be going to in the future.

So I think what we want is a system that is more adept, more adjustable to the rapid changes in the economy, and we think that greater involvement in the decision-making by employers and labour has a role to play in this as well because they've got a role in the training institutions, the training process. If we can shorten those decision periods and make the programs offered through the LMDAs more sensitive to those realities, we think that the kind of situation that you described... Nothing will be perfect, but we'll have a training system that is more sensitive to those ups and downs.

●(0945)

**The Chair:** Good. Thank you for that.

Gentlemen, thank you for coming today and for giving us an hour of your time.

Frank, I would echo what's been said around the table. Congratulations on what you've achieved here, and all the best going forward from this committee.

Yes, Mr. Cuzner.

**Mr. Rodger Cuzner:** Just in line with my comments about the labour market information, in the spirit of helping with the study here, could I put forward a motion to that end, requesting that information? I could read it into the record.

**The Chair:** Could you maybe save that for the end, under committee business?

**Mr. Rodger Cuzner:** Well, I'm heading out shortly, so can I perhaps read it now?

**The Chair:** Okay. We'll do this as just a quick consideration.

Mr. Cuzner, proceed.

**Mr. Rodger Cuzner:** I'll just read this in: That the committee request that the department provide an analysis of what it has done, or plans on doing, to improve labour market information to measure accurate and relevant information and specifically explain what recommendations have not been implemented, and why, from the 2009 labour market information panel chaired by Don Drummond.

**The Chair:** I'm really reticent to open this for discussion, because it does have a definite objective that does not concern the overall study, in my opinion, being put on the floor here just now.

In actual fact, I'm not going to allow the motion to stand, Mr. Cuzner. We'll need a notice of motion on something like that. As well, it's interrupting our next group.

So I'll rule that out of order. I can be challenged on it, but I'll rule that out of order at this point. You can bring it up at a future meeting

**Mr. Rodger Cuzner:** Yes.

**The Chair:** Absolutely.

Let's take a brief recess while we set up the next panel.

●(0945)

(Pause)

●(0950)

**The Chair:** Welcome back, ladies and gentlemen, as we continue the second hour of our meeting. We're continuing this hour with our study on the renewal of the labour market development agreements.

Joining us from the National Association of Career Colleges is their chief operating officer, Mr. Serge Buy; and from the British Columbia Construction Association, we have Mr. Manley McLachlan, president, and Mr. Paul Mitchell, special projects manager from the skilled trades employment program.

I'll just note that we will recess at 10:30 to move in camera for consideration of the draft report we have in front of us on opportunities for aboriginal persons in the workforce.

Gentlemen, each association or each representation has a 10-minute presentation.

Perhaps we could start with you, Mr. Buy, for your 10 minutes.

**Mr. Serge Buy (Chief Operating Officer, National Association of Career Colleges):** Thank you, Mr. Chair.

I would like to thank you for inviting the National Association of Career Colleges to speak about labour market development agreements. Since 1896, our association has represented for-profit and not-for-profit private institutions involved in post-secondary education and training. We have about 160,000 students throughout the country, which is about eight per cent of the total post-secondary student population, and our members directly employ about 17,000 Canadians.

Training can't continue to be a political football between provincial and federal governments. With an increasingly connected economy and global trends, what happens in one region affects another. Canada, in the grand scheme of things, is a country with a small population. We need to pay serious attention to global trends. 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. This is why we strongly supported the Canada job grant.

We understand the job market in one region is different from that in another region, but those who say that solutions are only local or provincial fail to recognize that in the 21st century, individuals are much more mobile and they tend to go where the jobs are. Mr. Mayes gave the example of the young people from British Columbia who moved to Alberta. We have to recognize the situation, and this is why a national perspective is so important.

I will divide my comments into two parts: the use of funds, and the measurement of success.

We firmly believe that the best use of Canadian taxpayers' dollars resides in skills development. We would, therefore, advise the government that it take a number of measures for its funding mechanisms such as the LMDAs, including the following.

First, it should ensure that the level of funds available to students is sufficient to cover the cost of training and living, because offering insufficient funding is probably worse than offering nothing at all.

Second, it should develop funding mechanisms that are not overly cumbersome or complicated. Not all candidates are able to navigate what some believe to be a highly bureaucratic process. Those who often can't go through the process are often those who need help the most.

Third, it should make sure that money is not spent to curry political favours at the provincial levels by funding deficits in public post-secondary institutions. The intent of LMDAs is not to fund the operating budgets of public post-secondary institutions.

Fourth, it should involve private post-secondary institutions in public policy decision-making as much as possible. We have our feet on the ground and can offer sound advice.

Fifth, it should ensure that when there is a way to offer services and training through private means, it is used. The private sector, such as career colleges, is often more responsive, more innovative, and faster to develop solutions.

Sixth, it should verify that funding is used to have job-ready graduates with the possibility of employment. Stop, I repeat, stop all discrimination in programs that see some initiatives only open to public post-secondary institutions.

We also need to involve employers in the training process. I've had the opportunity to participate in the mission to Europe on skills training led by the Honourable Jason Kenney and Mr. Armstrong, who is here. It was an eye-opening experience that showed how employers in Germany and the U.K. are intrinsically involved in training. While the German system can't be implemented directly in Canada, employers need to be brought to the table. They are part of the solution that will see us providing stable, long-term employment to an increasing number of Canadians.

Governments must fund programs for the LMDA that have employer involvement in a design of curriculum or the definition of the expected outcomes. There is too often a disconnect between the skills taught to the graduates and the expectation from employers.

Let me give you two examples that ended up in very successful outcomes—which you might use for your next topic on aboriginals, by the way. 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. This was a win-win situation for everyone involved.

● (0955)

An American company operating in Ottawa needed to increase its skilled workforce. It had two choices, either to pull out of Ottawa and move elsewhere—and I don't think it would be in Canada—or find a partner to train potential employees. The result was a partnership between Fortinet, a multi-billion dollar company, and Willis College, a small college just down the street here, that will lead to more than 200 jobs with salaries of more than \$100,000 each. Career colleges know how to create those partnerships, and those are the types of partnerships that the federal government should try to enhance.

Finally, we 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.

We need to re-evaluate the way we measure success. Here are some thoughts: the number of dollars invested per graduate; employment rates for graduates in various wage categories per chosen sector of activities; how many partnerships with industry have been created. I couldn't stop thinking when I listened to the previous speakers about the numbers—640,000 people, a million people. The more it goes, the larger the number was, which was very interesting. But the question is, how many of those people have real and meaningful jobs? How many of those people came year after year? Within the 640,000 people, how many of them were there in 2008, 2009, 2010, 2011, 2012? If you're going to talk about measuring success, we need to have real measurable criteria that we can really use.

Too often we benchmark the success of programs by using the number of people having gone through an activity, but the activity leads to something positive such as meaningful and long-term employment. Training the same person year over year on how to write a resumé should not be seen as a positive result. Getting that person a long-term, meaningful job to allow her or him to provide for their family is a successful result. We hope for more of those outcomes.

In Alberta, where I went a few months ago for discussions with the provincial government, I was given the numbers of graduates of career colleges in Alberta. Over 90% of them find employment in their chosen field of study within three months of graduation. For me, this is a success because you know that these people are getting good and meaningful employment for the future, and that's what we'd like to repeat more often here.

Thank you.

• (1000)

**The Chair:** Thank you.

Now we'll move on to Mr. McLachlan, if you're the lead on this, for 10 minutes.

**Mr. Manley McLachlan (President, British Columbia Construction Association):** Certainly.

Thank you very much.

We'd also like to express our thanks for the opportunity to speak to this committee. It's always a pleasure to come to Ottawa in the spring from Victoria, and we're happy to be here.

**Voices:** Oh, oh!

**Mr. Manley McLachlan:** We're going to provide this morning a little bit of a different perspective, I think, on the LMDA, and, in many ways, our experience with the labour market agreement funding.

Let me just give you a real quick overview on the British Columbia Construction Association, the work that we've been doing,

and then Paul Mitchell, my colleague, will give you more of the detail around the program that we've operated now since 2006.

First off, we're an employer organization, we're not a labour relations organization. Our membership is some 2,000 companies across British Columbia who are all involved in the construction industry. About 500 are general contractors, about 500 are manufacturers and suppliers, and the balance are trade, speciality trade, and civil contractors.

As I said, we're an employer organization, so we're a little bit unique in the fact that we are operating a program thoroughly embedded in the demand side of the supply/demand equation, if you will, around the training programs. Our experience over the last number of years has indicated to us that this unique relationship exists probably only in British Columbia. There are few organizations like ours that have taken on this type of programming.

We're directly connected to the employers. We have a team now that has grown over the last number of years, with a staff of some 57 field workers in 14 different communities across the province. One of their tasks is obviously to connect with the employers. 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. In the recent discussions, debates, negotiations, whatever you want to call the whole process around the Canada job grant, we actually found ourselves in kind of a unique situation where what we do is exactly what had been envisioned with the jobs grant, that is, to align people up with employment opportunities, and then provide them with sufficient training to make them either more employable or to make them successful in achieving employment.

We did distribute some information. 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.

Now we know that the construction industry, while there are many opportunities for employment in the industry, lots of trades to get involved in and a lot of administrative roles, it's probably not the easiest sector to get into, particularly if you're a landed immigrant, if you're in the aboriginal community, if you're woman, or if you're a person with disabilities. Paul will be able to illustrate how we overcome some of the challenges associated with that fact.

We are looking at the evolution of the jobs grant as an opportunity for us. The eligibility criteria had been a very big problem for us when our funding was confined to just the labour market agreement. Non-EI eligible or someone looking to improve their employability meant, quite frankly, that when our staff hold an information session, whether it's in Kelowna, Vancouver, Prince George, or whatever, 50% to 60% of the people in the room we had to show them the door because we couldn't work with them. So we appreciate the fact that the British Columbia government a couple of years ago went out on a limb a bit, invested some of their dollars in allowing us the opportunity to deal with the full spectrum, and then blended in some LMDA funding that allows us now to deal with 100% of the people that literally come through the door.

We're in a pretty interesting environment in British Columbia right now. We did circulate a statpac that we've generated. The world is hearing a lot about LNG development. The statpac that I hope is in front of you really only includes one LNG plant, and there's potential for a number of those plants.

●(1005)

So in terms of the numbers of employment opportunities we have, there is pretty substantial demand in British Columbia not just for skilled trades but also for entry level work in the construction industry. I know that our management team and our staff are excited about the future. We believe there is a role for labour market development agreement dollars, because of those eligibility criteria. We think we're a living illustration of how to make the connection between job opportunities, employers, and the required training to get people into the workforce.

I'll turn it over to Paul and he can give you more detail on what we call our demand-side driven model.

**Mr. Paul Mitchell (Special Projects Manager, Skilled Trades Employment Program, British Columbia Construction Association):** Thank you, Manley.

Thank you for the opportunity for appearing. I'd like to give you a bit of an overview. I'm much better at answering questions than delivering speeches.

As Manley mentioned, what 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. So we literally spend a significant amount of our time in the field. The 6,000 points of contact are real. 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.

We have spent six to seven years developing relationships with all of the service providers, government service providers, in all of the communities around British Columbia. They have prepared the unemployed by doing the resume writing, the job search skills, and what we do is target our supports to the individual and the job in question. Often, that means credentials or certificates, short-term certificates, to allow people to work safely on construction sites. It can often involve a training component. We do a lot of on-the-job training with training agreements.

This isn't a wage subsidy. It's an agreement between the employer and the people they're hiring and we hire people at the full rate for that position in question and then we identify what it's going to take to get that individual's skills up to the point where they're producing at 100% and that's a negotiated process. Because we're construction and trades and apprentice, it often includes a journey person who delivers that training. We actually identify the number of hours and days it will require for that individual. We monitor it, sign off on it, and then that person is brought up to speed and is then, from our perspective, registered as an apprentice in the system. So we do a lot of it. I guess we did become excited about the jobs grant because we saw it as a natural extension of the model we've created.

Another unique aspect of our program is that we don't hire career practitioners. For the most part, we hire tradespeople. These are people who understand our sector, our industry, and the jobs that are involved in it. Then we teach them some skills that involve interviewing, counselling, small "c" counselling. We have an assessment process that we have developed that really outlines... It's on our website. It's an interactive model that we've created that allows somebody to work through a number of different dimensions of their life to see if they're suitable for this kind of work, and it allows us to target where we put our supports. It can be training or improving working situations on a job site. It can involve tools and equipment. It often involves moving people from one community to another.

We've often referred to our approach as a series of concentric rings. We deal with the local concerns first, giving opportunities locally, then because of our reach across the province, we start going to the next ring, adjacent communities, and mobilizing people to where the needs are.

●(1010)

**The Chair:** Thank you very much, you're right on time.

Now we move on to our rounds of questions. The first round of questions will be five-minute rounds.

Madam Groguhé.

[Translation]

**Mrs. Sadia Groguhé:** Thank you, Mr. Chairman.

I thank the witnesses for their explanations.

All three of you, I believe, raised a very important question dealing essentially with the balance between training and employment. In my view, the word "balance" is at the heart of what we are dealing with at this time.

Mr. Mitchell, you raised the possibility of linking trainers in companies and the employees likely to get a job.

What size business are you talking about here?

[English]

**Mr. Paul Mitchell:** It applies to a number of different sizes, from Joe the plumber, with a single apprentice, to a large company, where we have very targeted training that could involve private trainers that we would bring in, who are registered in our province to deliver training.

Again, we negotiate this based on how much the company will pay for it and how much of it we will support. I guess what we consider the employer's contribution in many ways is the job that they're offering. When we get into these sorts of situations, these are not entry level jobs for the most part. These are well-paying jobs.

[Translation]

**Mrs. Sadia Groguhé:** Okay.

Mr. McLachlan, you raised the need to focus on eligibility criteria under the LMDA program.

Could you be a bit more specific and propose some potential changes to these criteria? What would they be?

[English]

**Mr. Manley McLachlan:** The criteria are very clear and direct. With the previous LMA funding, you were only eligible for the program if you were non-EI eligible or if you were improving your employability. It could be language training. It could be training associated with specific skills.

The LMDAs are only open to folks who are EI eligible. My understanding is clear—and I stand to be corrected—that the LMDA dollars are associated with EI funds. That's an inherent characteristic and it's a challenge if you're only being funded through one bucket of money, if you will.

I'm not sure, because of where the source of those funds originate, if I have a suggestion other than a real simple one of blending or opening it all up. I'm not sure that the legislation allows that.

Paul.

**Mr. Paul Mitchell:** I have one.

One of the issues that we have faced in British Columbia is mobilizing British Columbians to where the jobs are. In very general terms, the major activities are in the northwest, northeast, and there are pockets of unemployed in the southeast for instance.

When we start looking at people in the southeast, they are putting their hands up and saying, "I'm interested in one of those jobs", and this is especially relevant for young people graduating out of trade schools. We are asked to assist those people in getting up there. That often involves, or obviously involves, relocating that individual from A to B.

My understanding is that the present criteria allows for a certain cap on accommodation at \$175 a week. That doesn't get you one night in Kitimat. We have found people sleeping in cars, especially in the northeast where it is cold in the dead of winter. That's obviously dangerous and inappropriate. So if those caps could be pulled off and be more aligned with local conditions, that would be greatly appreciated.

• (1015)

[Translation]

**Mrs. Sadia Groguhé:** Fine. Thank you.

[English]

**The Chair:** We move on to Mr. Butt, for five minutes.

**Mr. Brad Butt (Mississauga—Streetsville, CPC):** Thank you very much, Mr. Chair, and thank you, gentlemen, for being here.

My questions will be for Mr. Buy. I'm a great fan of career colleges. I visited several in Mississauga where I'm one of the representatives. I've been to several graduation ceremonies which has been nice as well. I know that the job placement success rate is very high. That's a credit to all of your members that do that.

Let's find out how we can make it even better.

How many of the students or clients would be covered? How many would have their tuition paid or be receiving EI benefits? How many are taking programs at community colleges? Do you have any idea of what kind of a percentage that would be? Is it very low or

very high? Is it somewhere in the middle? How are your members taking advantage, through their clientele, of the LMDA funds?

**Mr. Serge Buy:** My understanding is it's about 80% of our clientele that is receiving some type of financial support. In Ontario, the second career program from the Ontario government supported federally by federal funds is of assistance and it's in there.

**Mr. Brad Butt:** Great. The other thing that I noticed when I toured a number of the campuses and talked to some of the students was how they had decided to enrol in programs in career colleges in areas that were completely different than something they had done before. So they may have been on the auto line at GM, but due to economic circumstances they are no longer doing that but they have actually decided to come back and train as a paralegal, as an example.

I talked to one gentleman and that was exactly the case. He was 48 years old. He knew there was no way he was getting back on the auto line, and just because of the economic situation he decided he wasn't going through the ups and downs and actually went back to train as a paralegal.

How much can we do, and can we do more, to encourage those career shifts for people to make sure that they recognize that there are opportunities to be retrained in a field completely different than maybe what they had done? I recognize the fact that we obviously want young people to be encouraged to take training for the jobs that are available, but we also have this challenge of people who have worked in one sector for a prolonged period of time. There is not going to be the number of jobs in that sector going forward and they need to be trained at something completely different.

So is there anything you think we can do at the federal level in working with our provincial counterparts to make sure that we are designing programs that get to those workers and encourage them to make these career changes? Many of them still need to work for another 15, 20 plus years before they're going to be able to retire.

**Mr. Serge Buy:** Absolutely. Mr. Butt, in the recent budget we were hoping for one measure that would have really helped the people you are talking about. At this point—and I will digress a little bit—the Canada student loans program with the grant component is limited to supporting students registered in programs that are 60 weeks and longer. The people you are talking about, the 48-year-old person, would probably have a family and realize that they have no choice but to go back to training one way or another. They are going to go to school. They are not wanting to get a three-year diploma at a community college. They are wanting to go very quickly through retraining to allow them to get a job to feed his or her own family.

We were hoping that the eligibility criteria for the Canada student grants program would be diminished to recognize and support programs that would be less than 60 weeks. The government objective, and I think the objective of everybody around the table, would be to get people to work faster, not tell them that if you want to go back to work faster, we will not support you. So that could be and really should be changed.

• (1020)

**Mr. Brad Butt:** Okay.

We're done?

**The Chair:** You have 30 seconds.

**Mr. Brad Butt:** That's fine, then.

Thank you very much, Mr. Buy.

**The Chair:** Mr. Eyking, five minutes.

**Hon. Mark Eyking (Sydney—Victoria, Lib.):** Thank you, Mr. Chair.

I thank the guests for coming here.

Mr. Buy, my first question to you is about your experience over in Europe and the European model. I know a little bit about what the Dutch are doing for the young people, getting them into the workplace, but especially the German model, and you mentioned that.

What I understand about it is the federal government is quite involved with the education process, and they really start when the students are young and help them go through their path of career. At the end of the day, by the time they're 20 years old, many of them are really ready to work, and they know their occupation and the industry knows that they will get good-quality young people. It seems like in our society here in North America our young people between the ages of 18 and 28, they are floating around at different jobs. Really, I don't know if the right guidance is there, and I don't know if it's because of our federal-provincial system.

But can you explain a little bit about that whole system they have out there and exactly how the federal government is involved? And what happens right at the classroom level—at grade 10, for instance—and how does it transpire that someone in grade 10 becomes one of the top engineers for Volkswagen or whatever? How does all of that work?

**Mr. Serge Buy:** I'm not sure I can give you all the explanations, especially not in the limited amount of time we have here today. What really struck me was that we had young 14- and 15-year-olds talking to us at one point, saying, "I have chosen this career. I have chosen this company. I am working here. I am proud. I am learning and working in this company." It was in Siemens. It was in STIHL.

In Canada, you talk to 21-year-olds and they say, "I'm trying to find myself, and for that I'm getting a political science degree." The government is supporting that process for our public institutions. We're not going to change that in Canada. I think we're far beyond the ability to change that. It would be a complete rethink of our educational system right from the get-go.

As you know, the provincial governments are very keen on making sure that the federal government is absolutely not involved in education. We saw that with the training issues. I don't think the federal government can go to a provincial government and say, "Can we talk about elementary schools?" That may create a few other constitutional issues.

It absolutely has to start early on. The one thing that is extremely important is the role of the employers, and the role of the government as well, in instilling pride in people in various professions. Minister Diane Finley, whom I met last year, talked to us about professional skilled trades, so skilled professionals. You

gain skills, but you're a professional. It's not because you're a plumber that you're not professional.

Let's make sure that there is pride in those professions, and maybe the kids will go and do other things. Right now, I think the parents are telling them, "You have to become a lawyer. You have to become a doctor."

**Hon. Mark Eyking:** Let's think about that for a minute. Let's look at, for instance, the Montreal area. Let's look at a company like Bombardier, which is expanding and needs certain skill sets. You mentioned how the companies are also involved with the process in Germany. Should our companies be stepping up to the plate? Is there an avenue for them to step up to the plate and say that they're going to need so many fitters or engineers, or whatever?

Montreal has a capacity of young people coming on stream. Is there a way maybe we can localize or deal with companies to help that happen with companies that really have the horsepower in our country to expand and have that potential? Is there some sort of pilot project or something we can do with companies?

● (1025)

**Mr. Serge Buy:** I think the Canada job grant program is a good part of it, where we actually make sure that the companies are involved in the training and retraining. I'm extremely disappointed that in Quebec the federal government abdicated its responsibilities and basically gave the money to the Quebec government. We were told initially that the Canada job grant program would be implemented, as is, throughout the country. I can tell you that our members had prepared work with companies that needed training, and our members are now shut out of the process for the Canada job grant. That's immensely disappointing.

But we strongly believe that the companies should be involved and can be involved. And you see the gentleman beside me, which shows that the private sector is involved and making those decisions.

**The Chair:** Thank you very much. That's five minutes, Mr. Eyking.

Now we're on to Mr. Armstrong.

**Mr. Scott Armstrong (Cumberland—Colchester—Musquodoboit Valley, CPC):** I'm going to pick up a bit on that, Mr. Chair.

Serge and I were over in Europe on that tour together, and you were talking about the young people whom we saw in Siemens and in STIHL. One of the things I found remarkable was the difference in respect for the trades. We call it the parity of esteem. Do you want to elaborate? You touched on it, but do you want to elaborate on that, on how trades and skills over there have an equal value with more professional and more academic degrees?

**Mr. Serge Buy:** There's a historical focus over there, where you had professional groups and professions that started centuries ago. You have the unions, you have the employer groups, and you have the governments—the state government and federal government—working together. It was quite interesting to me to see the unions setting out the way the training would be done with the post-secondary institutions. I shouldn't say union, I should say professional groups. They were involved in that. Then you had the employers who were setting the minimum conditions that you would need to meet to be in that profession. Then you had the governments also working on the funding of that.

The pride was there, and the pride had been instilled from years before. The young people involved in this learned that you if you get a job at Siemens, it is fantastic. You had people competing for jobs at Siemens. When we visited STIHL manufacturing, one of the gentlemen in charge of the training program was telling us that he had thousands of applicants for a few positions only because people knew about how great it was.

**Mr. Scott Armstrong:** Mr. McLachlan, do you want to comment on that?

**Mr. Manley McLachlan:** Sure. We've been wrestling with this in British Columbia for quite some time. Your description of society's attitude towards the trades is very real. What we're saying is that we will have to, in some manner, engineer a cultural shift that puts the carpenter on the same plane as the architect.

We're seeing this now in British Columbia where, just in the last week, the provincial government has launched a 10-year skills plan. They have a blueprint and are literally talking about re-engineering the education sector from K to 12 through post-secondary education and onwards.

I believe there are four elements that we need to consider in all of that discussion. The first one is relevance. Does it make sense for our universities to continue to train, in the example of Ontario and British Columbia, well over 2,500 teachers a year, when in B.C. there are only 800 job openings? So is the training relevant?

Second is revenue, and it's revenue for the colleges and the universities, but it's also personal revenue and it ties in with the relevance.

The third element is having successful graduates. If we're not producing successful graduates in any element of our system is that reasonable? Does it make any sense?

The fourth element is responsibility. And so it's all our responsibility to make sure that we have the successful graduates,

that we have the revenue being generated, and that the training that we're offering people is relevant. It isn't just the colleges and the universities and the trade schools' responsibility. It's parents and employers.

So part of the cultural shift is going to be a big challenge. I've often said that if you had a universal garage door opener and were to drive through any subdivision in Canada and opened every garage door, you would be hard pressed to find tools in most garages today. I'm a little bit older. I grew up with my dad who had tools and we did—most of you folks probably did that. But I would suggest that doesn't happen today and that part of our challenge is this notion that if you're going to be successful you must have a university degree. You don't need a master's degree to be making coffee in Starbucks.

• (1030)

**Mr. Scott Armstrong:** Thanks.

I'm running out of time, but just quickly, one of the recommendations that could come from this committee is that when we transfer money to the provinces, we ensure that the money is able to support the trades, that it is able to support the individuals directly, and that it involves employers so that they are involved at the front end and that jobs are connected to it at the end. Would that be a goal we can look at as we move forward in the LMDA negotiations?

**Mr. Manley McLachlan:** Certainly.

**Mr. Scott Armstrong:** Serge.

**Mr. Serge Buy:** Yes. I would be careful just to mention trades. I think there are skills as well. You want to be careful on that. At one point we're going to have way too much of one and not of the other.

On any construction site you have an engineer and you have the technicians and you have the people doing the work, so you have a number of people involved.

**Mr. Scott Armstrong:** And the number of facilities in Germany was broader. There were about 350 different types of occupations.

**The Chair:** That's it. The time is up. We're away over time on that one.

Gentlemen, thank you for coming in today. We appreciate your coming and assisting us with this study with the information you've given us today.

We'll now recess for a short break while we go in camera.

[*Proceedings continue in camera*]





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