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Chair

Mr. Phil McColeman

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

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• (0910)

[English]

The Chair (Mr. Phil McColeman (Brant, CPC)): Members, this is the 30th meeting of the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities.

Our first panel of witnesses includes, from the National Association of Friendship Centres, Jeffrey Cyr, the executive director; and Yancy Craig, the director of strategic development. Welcome.

Also by video conference from Toronto, I believe, we have the Toronto Workforce Innovation Group represented by Karen Lior, the executive director. Welcome to you.

Witnesses, you have up to 10 minutes for your presentation—oh, okay, the clerk has told you seven minutes, because we are tight for time. As we described to you prior to this meeting, we are going to have a second group of witnesses right behind you.

Why don't we get on with it?

Mr. Cyr, or whoever is going to be speaking, please proceed.

Mr. Jeffrey Cyr (Executive Director, National Association of Friendship Centres): Good morning. Thank you, Mr. Chair. I'll be speaking primarily, and I am aware of the time constraints so I'll be economical with my time. Let's put it that way.

Distinguished members of the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities, thank you again for this opportunity to present to you, this time on the renewal of labour market development agreements.

First, I wish to acknowledge the Algonquin Nation's traditional territory we are on today. I'm Jeffrey Cyr. As you know, I'm Métis from Manitoba and executive director of the National Association of Friendship Centres.

The last time I was here I spoke about how friendship centres could enhance and improve labour market opportunities for aboriginal people living in urban environments in Canada. Today I would like to answer some of the questions that have been raised at this committee about the enhancement of LMDAs and what role friendship centres can play in that, particularly in the areas of partnerships, performance measurement, and innovation.

First, friendship centres already have extensive and deep partnerships in place with provinces and territories in employment and training as well as across a variety of portfolios. For example, the Manitoba Association of Friendship Centres delivers the successful Partners for Careers program, which is jointly funded through Manitoba's Children and Youth Opportunities Department and by the Jobs and the Economy Department. In the Halifax regional municipality, the Mi'kmaq Native Friendship Centre's Connections Career Centre and Active Partnership are funded in part through Nova Scotia's Department of Labour and Advanced Education and the Nova Scotia Department of Education and Early Childhood Development. In Quebec the ministère de l'Emploi et de la Solidarité sociale funds the Youth in Motion program delivered through Quebec friendship centres.

With provincial funding through these programs and others, friendship centres from coast to coast to coast helped over 17,200 clients access employment and training in 2012 and 2013 alone, both aboriginal and non-aboriginal clients, as well as EI-eligible clients.

Friendship centres are currently serving some EI-eligible clients, and were effectively delivering LMDA and EI services in partnership with the provinces before 1996, before pathways to success and the AHRDS, now known as the ASETS program, came into existence.

Partnerships to us are crucial in the newly aligned urban aboriginal strategy, of which the National Association of Friendships Centres now delivers \$43 million of the \$50.7 million. I think going into this a little bit with you is important.

Through the revised UAS agreement we now have the incentive structures and performance measurement tools to support friendship centres and other service delivery organizations in expanding partnerships with employers, communities, and provincial and territorial governments.

Further, in my previous presentation in February, I described how the NAFC's proposed national partnership table would support aboriginal peoples in the labour market. This partnership table would bring together the private sector, industry and trade unions, educational institutions, and federal, provincial, territorial governments to improve aboriginal employment and training outcomes.

As you can see, we've already begun making the strategic linkages across friendship centre programs with a focus on building those partnerships that to us most importantly get real measurable results for aboriginal peoples in Canada's economy whether it's through LMDAs or through federally funded programming.

Second, friendship centres offer new approaches to performance measurement to track how we achieve success for Canada's urban aboriginal people. Working with ESDC we are conducting a feasibility study to improve the quality of Canada's aboriginal labour market supply data to help all service providers better identify existing skills and better match clients with jobs.

We have also brought the Mining Industry Human Resources Council as well as BuildForce to ensure that the supply side options we develop can plug into the demand and employer side as well.

We have also developed an aboriginal human development index that measures the real long-term impact of friendship centre programming on an individual's life. This is what I like to call real change in their lives. Returns to work is the first success factor of the 15 key indicators we are tracking. This index also includes an employer partnership tracking option to support the partnerships platform of the new UAS.

I'd be glad to share further details with the committee about how we have designed the partnership incentive structure in the new UAS, and how our aboriginal human development index can support provinces and territories in reporting LMDA results.

This brings me to my third point. Innovation is at the heart of the friendship centre approach to labour market development. Back in February I told you about our innovative broker model, which ensures more effective returns to work through integrated wrap-around services and relationships with employers and other service organizations to support the development of the whole person. This broker model is based on the more than 60 years of proven experience that friendship centres have in developing partnerships with all levels of government and building bridges with industry to help connect Canada's urban aboriginal peoples to the labour market.

● (0915)

Since then, the British Columbia Association of Aboriginal Friendship Centres has developed a new innovative approach called the "Five by Five" jobs strategy, which maps out how friendship centres in B.C., using an enhanced version of the broker model, will help 5,000 aboriginal people take part in the labour market in the next five years. It's an approach they're working on with the British Columbia government as well.

What makes the friendship centre approach unique is that we directly address barriers to employment like addictions, homelessness, or low education levels with a suite of integrated, wrap-around services like counselling, child care, food banks, housing, literacy, essential skills, of course, and pre-employment supports—all offered under one roof in a community setting.

What this means is that friendship centres have the ongoing and sustained relationship with clients, who come in for this range of integrated, wrap-around services, particularly those clients who some of our friendship centres report may be less likely to seek EI services through government offices. This allows friendship centres to more

quickly target and work with clients who might need mentorship and cultural supports to maintain their job, to divert them from EI in the first place. It also allows friendship centres to target those clients who might benefit from earlier intervention to access EI part II retraining or employment measures earlier in the client's EI part I claim.

Friendship centres like the Mi'kmaw Native Friendship Centre in Halifax offer innovative models for more effectively linking training with employer demand. For example, it maintained 644 active contacts with employers throughout Nova Scotia over the course of its three-year ESDC-funded skills and partnership fund project. It developed and delivered bricklayer and welder training in partnership with Canada's Building Trades Unions locals, after surveying almost 300 employers to identify those training programs that most directly address employers' needs.

Depending on how innovative we're willing to get, when it comes to enhancing the LMDAs, friendship centres have the direct client access, the partnerships, the integrated wrap-around services, infrastructure, and experience to help enhance the LMDAs not only in the agreement design but in proven delivery on the ground, ensuring LMDAs get results for aboriginal people. Developing effective partnerships, tracking and ensuring real client results, and delivering innovative labour market programming is, after all, what friendship centres have been doing for more than 60 years, and what we continue to do.

I'm going to end there. I have a slew of examples, but I'm conscious of your time.

Thank you very much.

● (0920)

The Chair: Thank you very much, Mr. Cyr. We appreciate that.

Now we go to Ms. Lior by video conference. If you can hold it to seven minutes, we'd appreciate it.

Please proceed.

Ms. Karen Lior (Executive Director, Toronto Workforce Innovation Group): Thank you. I'll try to hold this to seven minutes.

Good morning, and thank you for this opportunity to represent the Employability/Training Alliance, made up of workforce development intermediaries, agencies, and organizations across Canada providing employment, training, and other workforce development services. We are grateful for the chance to comment on the renewal of the LMDAs.

Our recommendations fall into four areas. The first is for a partnership approach. Labour market and workforce development programs are most effective, as you just heard, delivered in partnership with key stakeholders, especially those delivered jointly with labour and management or industry. Government, business, labour, and non-profit workforce intermediaries play key roles in designing and delivering skills training through sectoral training funds, apprenticeship programs, and LMA, CJG, or LMDA programs.

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.

The second recommendation is for more access. We would like to see more flexibility regarding the use and application of the LMDA funds. Programs offered through the LMDA are effective in reattaching workers to the labour force, but too few workers are accessing these supports. Twenty years ago 84% of workers were eligible for EI. Today that is 30% or less. A single entrance requirement across Canada would ensure that all Canadians have access to the same programs, with local needs and responsiveness built in.

As well, we 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.

Recommendation three is for more money. We recommend changing the EI Act to extend part I income benefits over the full duration of LMDA-supported training programs. According to the OECD, the Martin Prosperity Institute, and the Canadian Council of Chief Executives, Canada is low on the list of countries providing public and private expenditures on training. Expanding eligibility and funding for LMDA programs would not increase costs to government, as these programs are funded solely by employee-employer contributions to the EI fund, which actually doesn't use the full allocation for programs—up to \$4.4 billion.

Section 78 of the EI Act states that 0.8% of total insurable earnings can be expended on these programs, and only \$2 billion is currently used. Part of the existing surplus could be allocated to expand eligibility requirements and the length of training or education, or you might create a new skills training program, a Canada skills grant, using the work-sharing model to allow skills sharing in which employed workers are retrained or upskilled. The employer continues paying wages and the employee in training receives supplementary EI benefits. Training would lead to a recognized certificate or credential, ensuring that new skills are

portable and transferable. You could subsidize moving costs to allow greater mobility for work.

According to John Manley of the Canadian Council of Chief Executives, "What Canada needs now is a comprehensive strategy to better align education and training with the skills employers need." Increasing funding for LMDAs will create and sustain a pan-Canadian labour market strategy.

The fourth recommendation is for labour market information. I know you've talked about labour market information, so 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.

Thank you again for the opportunity to speak to you this morning. I look forward to your comments and questions.

● (0925)

The Chair: Thank you. We much appreciate that both of you abbreviated your presentations.

Because of the schedule today, we have constraints, as we've explained to you witnesses. We know there's going to be a vote in the House of Commons, so I want to thank you for coming today and getting your testimony on the record for our report. There is not going to be enough time for questions this morning. We appreciate the time you've taken to give us your thoughts. This is an important report and on behalf of the committee, thank you.

We'll recess momentarily while we bring on the second panel.

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_____ (Pause) _____

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● (0930)

The Chair: Committee members, we're back to work, please. We're in the second half of our meeting now.

As the witnesses are aware, we have time constraints today. We've asked you to abbreviate your comments to seven minutes, if that's possible, because we will be called to vote at around 10 a.m.

We're continuing our study of the labour market development agreements, and our witnesses in the second part of our meeting today are from the Department of Employment and Social Development. We have Judith Andrew, the Commissioner for Employers, Canada Employment Insurance Commission. Welcome.

We also have, from Restaurants Canada, Joyce Reynolds, the executive vice-president of government affairs. Welcome. And by video conference, as an individual, we have Alain Noël, a professor in the department of political science at the Université de Montréal.

So we'd like you to proceed.

Perhaps you could go first, Ms. Andrew.

[Translation]

Ms. Judith Andrew (Commissioner for Employers, Canada Employment Insurance Commission, Department of Employment and Social Development): Good morning.

Thank you, Chair and committee members.

[English]

I appreciate the opportunity to appear before you today in my role as commissioner for employers at the Canada Employment Insurance Commission. You have in your kit some supporting material including a little document dealing with the role of the commission.

As you may know, the CEIC is coming up on 75 years of tripartite oversight of the EI system. Its mandate includes annually monitoring and assessing the EI program. The 17th such report, aptly named the Employment Insurance Monitoring and Assessment Report, or the MAR, was recently tabled before Parliament by ESDC Minister Kenney.

MAR chapter 3, which you will find in your kits, details what we know about labour market development agreement spending of over \$2 billion drawn from employment insurance payroll taxes. 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 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.

As commissioner for employers, I am tasked with bringing the employer point of view on EI and labour market matters to the CEIC and the department. At my first employer forum in 2011, the employer associations that comprise my business liaison group gave me direction when they contributed to a set of guiding principles on EI from employers. That's in your kit. Bearing in mind who is shouldering LMDA costs, it should come as no surprise that one key principle business groups underscored in 2011 pertains directly to the committee's study of LMDAs.

Employers are also calling for better measurement of the back-to-work higher-skill outcomes of the part II training and development

measures, thereby justifying the sum of \$2 billion in annual expenditures by provincial and territorial transfer partners.

Shortage of qualified labour is an issue that employer groups emphasize with me. Typically a third to a half of the members of the business groups I deal with say they have shortages now and are also concerned about the demographic trend of population aging worsening their qualified labour problems. Employer groups are challenged in having the reality they face emerge in official labour market information and serve as the basis for good decision-making by all concerned.

Employers have a legitimate and keen interest in seeing that the programs they pay for actually do the job in training Canadians to have the necessary skills to meet labour market and employer needs, thereby allowing them to enlarge their businesses and, as a positive by-product, the economy too. Accordingly I welcome the interest the government has shown in making LMDAs perform optimally for the future. I believe it is important for all concerned, including your standing committee, to take a comprehensive look at them and see how they can answer the needs of employers while also helping Canadians to find jobs. In recent weeks I have heard perspectives from employer groups directly as well as from individual employers through various meetings and round table sessions around the country that are being hosted by your colleague, parliamentary secretary Scott Armstrong.

To date I have gleaned some important insights. Generally business representatives discuss their qualified labour shortages at all skill levels, current and anticipated future qualified labour needs, their efforts to tap into less-represented groups in the labour market, inadequacies of career guidance regarding academics versus trades being given to young people, and so on. 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.

●(0935)

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. One reason for this difficulty is that the provinces and territories have opted for a client-facing approach. That is, they regard the unemployed individual as their client, and they charge the costs back to the appropriate program—EI-eligible, LMDA or other—by way of back-office allocations, subject to provincial or territorial audit.

Minister Kenney presented some areas for improvement of LMDAs when he appeared before this committee on May 1. He mentioned the importance of greater employer engagement in designing and delivering programs; reaching more people and reaching them sooner; working with provinces and territories to strengthen program accountability and effectiveness; and finally, focusing EI funds on the most successful programs and services. These ideas for transformation of LMDAs all seem to dovetail fairly well, with one possible exception, to what employers are saying in this consultation period. Judging by how little employers know about LMDA programs, employer engagement, both input and communication, could certainly be enhanced.

As well, I have heard business support for revisiting LMDAs to establish clear objectives on a solid accountability framework, including more detailed plans for and reporting on LMDA-funded training and support initiatives. From the business standpoint, it also makes good sense to focus money and effort on successful models and best practices.

The one possible idea employers generally wouldn't support is the idea of reaching more people, if that means a change in eligibility. Of course, employers would support intelligently targeting, on an earlier basis, more of the over one million EI-eligible unemployed in the country for quick referral to retraining to meet employer and labour market needs.

Before closing, 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. Some business groups continue to pursue an even employer-employee premium split, arguing government should return to paying a share in this tripartite system, which would be 40-40-20.

While everyone wants to help young people in the labour market, employers mostly argue that prompting business direct action through tax incentives—something like the previous new hires/youth hires program or a basic EI exemption similar to CPP or a training credit—would do more to help young people than sending them off on government training programs funded by LMDAs.

In due course, I look forward to seeing how proposed improvements to LMDAs will answer employer concerns and help build a stronger economy for Canadians.

Thank you.

●(0940)

The Chair: Thank you very much for that presentation.

Now we move on to Ms. Reynolds for seven minutes, please.

Ms. Joyce Reynolds (Executive Vice-President, Government Affairs, Restaurants Canada): Thank you.

I'm pleased to appear before you today on behalf of Restaurants Canada, formerly the Canadian Restaurant and Foodservices Association, or CRFA.

Restaurant Canada represents one of the largest sectors of the Canadian economy, with \$68 billion in sales and almost 1.2 million employees. That's more than fishing, forestry, utilities, mining, and agriculture combined. An additional 250,000 people are indirectly employed as suppliers to the industry. With 18 million visits to restaurants daily, our industry contributes to the economy of virtually every Canadian community. Restaurants provide more first-time jobs than any other industry, and 22% of Canadians got their career start in a food service business.

I'm going to skip over a lot of what I was planning to say, because there's a shortage of time.

Employers in our industry are actively recruiting from a large range of labour pools and turning more and more to groups currently underrepresented in the labour market, such as first nations, disabled, recent immigrants, older individuals, and social insurance recipients.

The provinces play an important role in coordinating the work of organizations representing these groups and linking them with employers.

Restaurants Canada wants to work with all interested parties, social and non-profit organizations, schools, community colleges, training providers, and all levels of government to develop the best policy framework to meet the employment and training needs of employees and employers. Of course, this has to be looked at in the context of our overall education and immigration system.

Most employers in our industry would be unaware of labour support programs offered by the provinces. They would certainly not be able to distinguish an LMDA program from any of their other offerings.

I would say that amongst those who are aware of provincial employment and training supports, the experience has been mixed. The training at times has been oriented to the personal interests of the unemployed worker rather than the needs of business, or the training has been too theoretical and not applicable to the job.

For example, one of our biggest employment needs is for cooks. Unfortunately, we've found people enrolling in cooking courses to enhance their culinary skills but with no intention of working in a restaurant kitchen, or registering for tourism courses where they may become good ambassadors for the industry but lack specific job skills. Also, the term "cook" is very broad, making it challenging to tailor cooking programs to restaurant needs.

I'm going to focus on three recommendations to help ensure that the \$2 billion allocated to labour market development agreements better meets the needs of employers and employees—the employers, who fund 60% of the cost, with employees funding the rest.

First, we believe there is a need for better labour market information. I was pleased to read yesterday that this may be coming. Although this need extends beyond LMDAs, LMDA forms a very significant portion of funding for labour market policy. Better and more granular labour supply-and-demand information in terms of job categories and geographic regions is needed to ensure investments are focused on where they are most needed to close job and skill gaps.

In addition to being more detailed, this information needs to be accessible, user-friendly, and available on a timely basis. 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, which brings me to our next recommendation: the need for national standards of accountability.

The labour market development agreements are negotiated on a bilateral basis. While we recognize that labour market needs differ significantly from region to region, we believe that there need to be national standards and some type of mechanism in place that would result in better sharing of information amongst jurisdictions with regard to priorities, plans, and results.

Although it is changing, there was a time when the metric used by most jurisdictions to measure success was program enrolment, rather than number of job placements and the duration or success of job placements. We believe standards are needed for program spending

and the measurement of outcomes so that there is accountability to employers and employees for spending.

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.

Restaurants are a great training ground for most careers. Our jobs teach critical skills, including personal responsibility, teamwork, problem-solving, creative thinking, and accountability.

Our industry provides that all-important first step on the career ladder for thousands of Canadians. The importance of early on-the-job experience on any resumé cannot be underestimated. According to a Stats Canada study entitled "Unemployment Dynamics Among Canada's Youth", more than 28% of unemployed young people between 15 and 24 years of age in 2012 were youth who had never worked, many waiting to finish their education before trying to find a first job.

I want to mention that I do agree with Judith's comments about employment insurance, but we don't have time to get into that right now.

To conclude, let's make sure that a focus of LMDA agreements is to ensure that Canadians gain real work experience, with placing unemployed Canadians in available jobs as the overriding priority.

This will best be achieved by working from better labour market information that includes consultation with employer groups on the jobs they will need filled and in which part of the country; by the establishment of enhanced standards of accountability based on the number of people trained and placed in real jobs, not simply enrolled in time-occupying programs; and by recognizing as much as possible the informal training that employers provide.

LMDA programs supply training with a major emphasis on teaching substantial technical hard-edge skills, providing Canadians with a better chance of hitting the ground running and an increased chance of securing and succeeding in a new career once they have completed an LMDA program.

• (0945)

The Chair: Thank you very much. You were right on time, by the way, at seven minutes.

Ms. Joyce Reynolds: I skipped a lot.

The Chair: We appreciate your doing that.

Now we'll move on to Mr. Noël by video conference.

Please proceed, sir. Can you hear me?

[*Translation*]

Mr. Alain Noël (Professor, Department of Political Science, Université de Montréal, As an Individual): Yes, I can hear you. Can you hear me?

[*English*]

The Chair: Please proceed with your presentation.

[*Translation*]

Mr. Alain Noël: Good morning.

Thank you for having invited me to appear before the committee.

Let me introduce myself quickly. I am a professor of political science at the Université de Montréal. For several years I have been working on labour market policies, social assistance and anti-poverty policies. I also study on federalism, and that is what I want to talk about today.

Until last Monday, I was also Chair of the Centre d'étude sur la pauvreté et l'exclusion of the Government of Quebec. I no longer occupy that position. So I am speaking to you as an individual. During the few minutes I have at my disposal, I would like to discuss the governance of the Labour Market Development Agreements, the LMDAs, and the fact that they have historically been deployed thanks to bilateral agreements.

In Canada, in the literature on this matter, those who work on labour market policies and federalism have a tendency to deplore the decentralized nature of our approaches. A little earlier, Ms. Reynolds was saying that we need national standards. In this regard, I want to quote an excerpt from a study by Donna Wood whom you met a little earlier this week:

[*English*]

A series of segmented, bilateral, executive dominated, federal-provincial agreements are likely inadequate to achieve national workforce development goals and have the potential to balkanize programs across the country, hollow out the centre, and undermine Canada's political union.

• (0950)

[*Translation*]

In short, it says that proceeding through bilateral agreements constitutes a very poor approach as it leads to a disorganized and unstructured whole. She states that in addition to lacking cohesion, the approach may make us fail to meet our objectives.

It is true that consultation at the panCanadian level could be improved. The federal government could clearly play a role in the production of better information on the labour market, the exchange of best practices, and the dissemination of information throughout Canada.

However, I would like to say that a procedure such as the one used for the bilateral agreements also has distinct advantages as it allows the various provinces to proceed each in their own way.

I would like to discuss three points in order to emphasize that aspect.

First, it has to be understood that even in a unitary state, labour market policies are always a matter of negotiation and mutual adjustment among the partners. There is never any perfect cohesion among the various sectors. There are no national standards to frame everything. It is always an adjustment process.

Secondly, since labour market policies have are for the future, the context is always uncertain. In such a context, it can be advantageous to have multiple solutions to draw on in different parts of the country.

Thirdly, in a federation such as Canada, diversity and flexibility are values we try to promote and virtues we want to cultivate.

Thus, those three aspects—labour market policies achieved through adjustments, decentralization that allows for experimentation, and federalism which promotes this type of structure—allow us to say that there are some real advantages to proceeding through bilateral agreements.

Take the example of Quebec with the Labour Market Development Agreements. 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. This was the big innovative initiative of *Emploi-Québec*. These were people who were receiving social assistance, or were receiving neither employment insurance nor social assistance, people “without cheques”, that is to say people who did not belong to any programs whatsoever. They were, for instance, young people who were arriving on the labour market or women who were returning to work. There were different situations.

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

We are talking about net effects as opposed to gross effects, that is to say that people who were receiving employment insurance benefits returned to work thanks to the programs. They probably went back because they were not that far from the labour market, but for people who were receiving social assistance, returning to the labour market was a big victory because they were much further away from it. It is more difficult for them to integrate the labour market.

In 2008, recognition and success followed: the federal government signed labour market agreements with all of the provinces which allowed them to allocate funds to these different client groups, that is to say those who were not receiving employment insurance. The model developed in Quebec became the Canadian model, if you will. The idea came up again in 2013 with the introduction of the Canada Job Grant, which the provinces at first resisted.

In the spring of 2014, new agreements were signed, or at least agreements in principle, which have yet to be finalised. Through these agreements, the federal government recognizes that Quebec can maintain the approach it has used up till now. Minister Kenny recognizes that in its approach Quebec is already consulting employers and already using measures that work well. Thus there is no real need for Quebec to change its approach.

I think we have to promote this approach which is truly federal. It is true that we have to aim for a certain cohesion throughout the country, but it would be good to proceed through bilateral agreements and to accept that different provinces may take different paths. Accountability is not really a problem because the provincial governments already have to be accountable to the citizens. I am here to reaffirm the success of the bilateral approach, which is sometimes underestimated by some of my colleagues.

As I already said, even in a bilateral structure, the federal government has an important role to play first of all by funding the agreements in a stable, predictable and recurrent manner and allowing for diversity, and further by improving the circulation of information on the labour market, in light of the fact that Statistics Canada's capabilities have been deteriorating for a few years.

Thank you very much.

• (0955)

[English]

The Chair: Thank you so much for your presentation, sir.

By the clock that I have, we have approximately 10 minutes until the bells ring. My proposal to the committee, for which I'm seeking unanimous consent, would be to allow one short round of questioning. Each party would get one question and hopefully we can hold that question to a two to three-minute timeframe. Is everyone in agreement with that? We have time and, as you know, the bells sometimes are a little early or a little less, so there may be some imperfection here, but let's use our time wisely.

Go ahead, Madam Sims.

Ms. Jinny Jogindera Sims (Newton—North Delta, NDP): I have a couple of brief questions, and I'm going to direct them to you, Judith.

What kind of consultations ought to take place with the provinces and territories in preparation for the renewal of the LMDAs, and are you able to describe the consultative process? Is that something you can comment on? If it's not, then I'll move on to my next question.

Ms. Judith Andrew: I will offer a brief comment. I'm aware that the provinces and territories are being engaged in these round-table sessions wherever possible. I think it's very important that they hear directly from the people being consulted at the same time as the federal government hears what the issues are. I think it's an important piece of the consultation that they're listening to the stakeholders together.

Ms. Jinny Jogindera Sims: The other thing we're hearing a lot about today is the responsibility of both levels of government to change the mindset of Canadians. Actually, I've been hearing about this for decades. My experience, while I was in the classroom and as a counsellor in a high school was that it wasn't that the mindset had to be changed from the academic trajectory; it's just that we had to open more doors and create more opportunities. Do you think there is a real problem with people looking at the trades? Do you think there is a kind of a negative mindset against the trades still?

The second question, because we're short of time, is this. When we had Matthew Mendelsohn here before us, he actually said access to EI should be eliminated as a precondition for LMDA access and that all federal funding streams should be collapsed into a single transfer. Is this something the department has looked at?

Ms. Judith Andrew: Regarding the academic versus trades debate, I would say it's probably changing. I think it's good that young people have access to all the information, as you say. There are other barriers to people going into the trades as well. 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 journey person electricians to train one in your business, that's not very easy.

• (1000)

The Chair: Can you leave it there? We want to make sure we get to each round and that's almost three minutes.

I'm going to ask you to hold that answer at that point.

Mr. Armstrong.

Mr. Scott Armstrong: Thank you, Mr. Chair.

I want to thank our witnesses for being here. I know this is going to be a quick round.

Maybe I could go to all three and ask one question and give you all a chance to answer.

When looking at the way the LMDAs are being administered and distributed by the provinces, can you make one or two quick recommendations about the best thing we can do as the federal government to try to influence that so it better serves employers and employees?

Ms. Judith Andrew: I think the key is to engage employers more directly. I'm not even sure if it's the associations in an advisory capacity. I know the people in Quebec like that model, but the model of the Canada job grant, whereby individual employers undertake to hire someone and train them for their needs, is the kind of thing that works best. I know when the CME was here they talked about a program that worked for them, when people came into their workplaces and worked for 26 weeks. I think it almost takes the one-on-one with the direct employer.

Ms. Joyce Reynolds: I think we need to have better communication and better accountability about the offerings the provinces have. There's a huge amount of unawareness right now and there has to be much tighter communication among the program providers and businesses and employees.

Mr. Scott Armstrong: That's transparency and accountability.

The Chair: Mr. Noel, do you have a response?

[*Translation*]

Mr. Alain Noël: I think that the federal government could play a role with respect to the dissemination of information on the practices used by the provinces.

Very often, the Europeans are more successful than we are in disseminating information, in the framework of an open coordination method which allows stakeholders to find out which practices are successful and how things are done here and there.

In Canada, it is often very difficult to find out exactly what is going on. Even for the officials who manage the programs in a province it is not easy to know exactly what is going on in the other

provinces. The federal government could facilitate the circulation of information and of best practices.

[*English*]

The Chair: Thank you for that.

We'll move on to Mr. Cuzner now for three minutes.

Mr. Rodger Cuzner (Cape Breton—Canso, Lib.): I thank the witnesses for their presentations today.

I'd like a quick point of clarification.

You mentioned the breakdown being 40-40-20, and you said that the federal government should return to that training formula. Where is it now, and how has that evolved over the last number of years?

Ms. Judith Andrew: That was a comment about financing the system from employers overall. The federal government does not pay anything; employers pay 1.4 times what employees pay, so it's only a split between two of the three parties to this effort.

The Chair: I'm going to have to stop there, Mr. Cuzner.

I apologize. As you said, it might be imperfect and you would be the one most affected by the imperfection.

Mr. Rodger Cuzner: Thanks very much, witnesses.

The Chair: On behalf of the committee, thank you for being here today. Your testimony is important to our study, and we'll be taking it into account as we move forward.

The meeting is adjourned.

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