

Newfoundland and Labrador Federation of
Labour



Submission to: Scott Armstrong, P.C., M.P.
Parliamentary Secretary to the Minister of
Employment and Social Development

Labour Market Development Agreements
Roundtable Discussion
St John's NL

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Introduction

The Newfoundland and Labrador Federation of Labour (NLFL) represents 25 affiliated unions, 500 union locals and 65,000 working women and men in every sector of our economy, in every community in our Province.

For 75 years, we have worked to advance the rights of working people. We advocate for them on issues such as the economy, including occupational health and safety and workers compensation issues, retirement security, equality, pay equity, child care, labour standards and worker rights.

The Federation also advocates for improved public services (such as healthcare and education), as well as public policy and laws that support our principles of social and economic justice – including the overall wellbeing and welfare of all citizens.

Our Federation is pleased to make this submission on the future of Labour Market Development Agreements (LMDA's) and providing input into shaping how these agreements help build healthy labour markets across our country.

It is our opinion that addressing the following four areas would vastly improve the effectiveness of LMDA's for workers, employers and governments. The labour market in Canada has changed dramatically over the past decade and continues to do so. It is critical that labour market policy meets the changing needs of both workers and employers and that Canada has the highest skilled and educated workforce possible.

We need to collect and communicate better Labour Market Information

Public policy must be based on solid evidence, not anecdotal claims of a general labour and skills shortage. Indeed, a growing number of studies suggest these claims are seriously exaggerated.

Moreover, the latest Statistics Canada Job Vacancy Survey shows there were 6.7 unemployed Canadians for every job vacancy. That ratio more than doubles when you include under-employed Canadians. The same survey shows a job vacancy rate for Newfoundland and Labrador of 12.8%. Clearly, the big challenge we face is a shortage of jobs, not a shortage of workers.

That being said, it is widely noted that there are some shortages in specific regions and occupations, and our province is no exception. However, getting detailed information on these vacant jobs is a tough task. The Statistics Canada Job Vacancy Survey is a good start, but it does not provide data by specific occupation and it lacks regional and local detail.

Such data would allow for more evidenced based decisions by workers, employers, educational institutions and others with a vested interest in the labour market. We recommend the federal government increase funding to Statistics Canada so it can develop more detailed labour market data.

Create a National Labour Market Partnership Forum

The time is overdue for Canada to adopt a partnership approach to the development of labour market policy. The introduction of the Canada Job Grant demonstrates that unilateral action results in confusion, conflict and poorly designed programs. In contrast, most studies show that labour market programs are more effective and equitable when developed in partnership with key stakeholders.

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The labour movement plays a critical role in training throughout the country through collective bargaining, sectoral training funds and delivering apprenticeship programs in a variety of skilled trades. We have significant experience in doing this and doing it quite successfully.

In Newfoundland and Labrador, we had such a partnership structure for over a decade (Labour Market Committee). It addressed key labour market issues through discussion and consensus, with labour business and government all participants. Training programs must match skills with jobs, but workers want more than just firm specific skills. They want broadly based training that provides a wide range of skills, including better literacy and essential skills upgrading. They also want those skills recognized with a certificate or credential so they are portable in the broader labour market.

We recommend that under a renewed set of LMDAs, the federal government, and each province and territory, should be required to establish a Labour Market Partners Forum with representation from key stakeholders including labour, government, employers, education and community organizations.

Expand Access to LMDA Programs

The last two EI Monitoring and Assessment Reports provide details about recent net impact evaluations of LMDA programs. The evaluations show that the Skills Development programs are very effective. These involve the longer-term training interventions that often lead to a credential.

According to the evaluations, Skills Development programs increased the incidence and duration of employment, and increased earnings, for people over both the short and medium term. This is good news. The goal of LMDA programs must not be to simply push everyone back into the labour market as

fast as possible into any job. The goal must be to help workers get the skills they need to improve their long-term employability and land good jobs with decent wages.

More than 1.3 million Canadians are unemployed today. However, less than 40% of them are eligible for EI. Too many Canadians are being left out in the cold when it comes to LMDA programs.

We recommend the federal government expand eligibility for LMDA programs by establishing a national eligibility requirement of 360 hours for unemployed and underemployed workers to access training. In addition, we recommend that EI Part I Income Benefits be extended for the full duration of LMDA training programs. People need to be able to pay their bills and put food on the table while participating in a longer-term training program.

Increase LMDA Funding

If Canada is to move forward socially and economically, part of the solution is increased investments in training in order to build a healthy labour market that meets the needs of workers and employers. The Organization for Economic Cooperation and Development (OECD) has repeatedly noted that Canada is near the bottom of the industrialized world when it comes to public expenditures on active labour market measures. We need more investment in training and not just shifting money from one pocket to another as we have done in the past.

Expanding eligibility and funding for LMDA programs would not add any new costs to the government's budget. The funding would come from the EI Operating Account which is made up of contributions from workers and employers. The EI fund is currently not using the full amount that may be spent on LMDA programs. According to the EI Act, up to \$4.4 billion can be

spent on LMDA programs this year. However, only \$2 billion is being transferred. Furthermore, the EI account is forecast to have a \$3.8 billion surplus this year and large surpluses in the years ahead. It does not make sense to have unspent LMDA training dollars when the EI account is in surplus, unemployed Canadians need to upgrade their skills and employers are in need of skilled workers.

We recommend that instead of using surpluses to freeze or reduce EI premiums, part of the surplus should be used to expand eligibility for LMDA training programs.

Conclusion

If Canada is to move forward and meet the labour market needs of workers and employers we need to increase the footprint of LMDA's across the country, providing them with the ability to meet national, provincial, and regional labour market needs. We feel this can be done more effectively through the collection of better labour market information, the creation of labour market partnership forums across the country, along with greater access to and funding for these agreements.

Again thank you for the opportunity to provide the input of the NLFL and we look forward to your response.