

## Labour Market Agreements (LMAs)

The 2007 federal budget announced \$500 million per year for six years to be transferred to the provinces and territories, on a per capita basis, for training of people who are not eligible for EI. This is an attempt to address a problem since the 1996 EI Act – the lack of support for the training needs of employed workers and of those not eligible for EI.

LMAs specifically target:

- Employed workers who do not have a high school diploma or recognized certification, or who have low levels of literacy and essential skills.
- Unemployed workers not eligible for EI including immigrants, new entrants and re-entrants to the labour market, older workers, people with disabilities, social assistance recipients, unemployed individuals previously self-employed, and youth.

Additional target groups were identified in some jurisdictions. All jurisdictions except Quebec targeted Aboriginal peoples. Five jurisdictions listed women as a target group (Manitoba, New Brunswick, Nunavut, PEI, NWT, and Yukon) while Nova Scotia listed African Nova Scotians.

Each province and territory has signed a LMA with the federal government. The agreements are generally similar although each province/territory develops its own menu of programs and initiatives.

LMAs are based on a common vision “to create the best-educated, most-skilled, and most flexible workforce in the world.” The objectives of each agreement are:

- Quantity – To increase the participation of Canadians and immigrants in the workforce to meet current and future labour requirements;
- Quality –
  - To enhance the quality of skills development and training (AB, BC, MB)
  - To enhance the quality of skills development and the labour force (NB)
  - To enhance the quality of skills development and labour force development (NL, PEI)
  - To enhance the quality of skills development (NS, NT, NU, YK)
  - To enhance the quality of skills (ON, SK)

- Efficiency – To facilitate workforce mobility and provide the information necessary to make informed labour market choices.

Quebec established its own more extensive set of objectives:

- i. Support individuals in their efforts to achieve long-term labour market entry through the use of a variety of methods adapted to their needs
- ii. Increase the labour market participation of the Quebec population
- iii. Ensure that Quebec’s labour force is educated, skilled, mobile and adaptable
- iv. Provide quality employment and training measures and services that are accessible to both unemployed and employed individuals
- v. Strike a quantitative and qualitative balance between labour supply and demand, in particular in sectors experiencing labour shortages
- vi. Improve the employability of unemployed individuals and support their job entry and retention efforts
- vii. Promote the acquisition and mastery of skills that will encourage job entry and retention, and promote recognition of labour force knowledge and skills
- viii. Manage employment and training measures and services by focussing on regional and local involvement and on the achievement of results
- ix. Encourage employers to become more involved in developing a skilled labour force and encourage employed and unemployed individuals to develop the skills needed to achieve long-term labour market entry

Agreements are guided by the following principles:

- Accessibility – access to comparable programs for EI-eligible and non-EI eligible individuals to enhance the labour market participation of all Canadians, particularly low-skilled workers and under-represented groups;
- Effectiveness – effective programs that draw on best practices from within Canada and abroad, respond to the needs of employers, and reflect local labour market conditions;
- Quality Client-Centred Delivery – a coherent “no wrong door” approach to providing client-centered programs;

- Fairness – fair treatment of all Canadians through principle-based arrangements with provinces and territories, respecting primary provincial responsibility for design and delivery of labour market programming to individuals; and
- Efficiency – improving the efficiency of the national labour market and strengthening the economic union by facilitating adjustment and removing barriers to mobility.

The “no wrong door” principle is reflected in the creation in many provinces of single-window services, e.g. Employment Ontario, Skills PEI, among others. In some cases, literacy is now delivered through these employment-directed agencies.

In general, provinces and territories are given the responsibility to design and deliver labour market programs to individuals while the federal government retains responsibility for an efficient and integrated national labour market. Some agreements recognize that the federal government intends to provide services to Aboriginal people through its own programs (in addition to whatever programs the province/territory is funding) although it commits to coordinate efforts with the province or territory.

LMAs are not intended to “displace” existing funding, i.e. provinces/territories cannot use the LMA money to replace their own spending. In addition, commitments have been made in most agreements to provide services in both official languages where there is demand.

There is some variation in the approaches to the LMAs. Some provinces such as Ontario have integrated the LMA money into existing programs. Other provinces created new programs/initiatives for the LMA money and generally acknowledge the federal contribution in press announcements about funded projects.

Budget 2009 created a Strategic Training and Transition Fund (\$500 million over two years) to support the particular needs of individuals who do not qualify for EI training, such as the self-employed or those who have been out of work for a prolonged period. This fund was delivered as part of the LMAs and is in addition to the \$500 million of annual LMA spending.

There is a commitment to consultation in the LMAs. Each agreement has a clause reading:

*In developing each annual plan referred to in subsection (2), [province/territory] agrees to consult with stakeholders, including business and **labour representatives**, community organizations and representatives of the official language minority community in [province/territory].*

Quebec’s agreement does not have the above provision but rather references Quebec’s existing consultative processes for labour market development.

Provinces and territories are subject to reporting and performance measures. The indicators are:

- Eligible Client indicators:
  - Total number of eligible clients served/in training by employment status (employed, unemployed, self-employed);
  - Education level of eligible clients prior to intervention (i.e. less than high school, with high school diploma, with post-secondary education);
  - Number of eligible clients served in an intervention by designated client group (Aboriginal peoples, immigrants, older workers, persons with disabilities, women, and youth).
- Service Delivery Indicators:
  - Number of Eligible Clients participating in interventions by intervention type;
  - Proportion of Eligible Clients "satisfied" with service received upon completion of the intervention.
- Eligible Client Outcome and Impact Indicators:
  - Proportion of Eligible Clients who have completed their intervention, by intervention type;
  - Number of Eligible Clients who have earned credentials or certification through participation in the intervention;
  - Average hourly earnings of Eligible Clients following the intervention;
  - Proportion of Eligible Clients who, 3 months and 12 months after leaving the intervention, indicate their training helped prepare them for future employment.

Annual plans are to be filed along with annual reports. In the main, each annual plan uses same format. The plan provides:

- an environmental scan that provides a profile of the current labour market challenges;
- a description of the eligible clients who are to be targeted as priorities in the coming fiscal year;

- a description of the priority areas for programming and intended objectives;
- a brief description of the eligible programs, planned activities and projected expenditures for the coming fiscal year by priority area that are attributable to funding provided under the LMA;
- the results expected for the planned activities; and
- a description of the consultation process and the groups to be consulted.

### **Labour Market Agreement Documentation by Province and Territory (publicly available)**

	AB	BC	MB	NB	NL	NS	NU	NT	ON	PE	QC **	SK	YK	CAN
<b>Original 6-year Plan</b>	✓	✓	✓	✓	✓	✓	✓*	✓*	✓	✓	✓	✓	✓*	
<b>2008-09 Annual Plan</b>	✓	✓	✓	✓	✓	✓			✓	✓	✓	✓		
<b>2008-09 Report</b>	✓	✓	✓	✓	***	✓			✓	✓	✓	✓		✓
<b>2009-10 Annual Plan</b>	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓		
<b>2009-10 Report</b>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<b>2010-11 Annual Plan</b>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
<b>2010-11 Report</b>	✓		✓	✓		✓	✓	✓						
<b>2011-12 Annual Plan</b>	✓	✓	✓	✓		✓	✓	✓	✓	✓			✓	

\*The three territories signed a five-year plan

\*\* Quebec does not file a separate report

A review of the public posting of these reports finds them adequate in terms of useful information for most provinces/territories. Some provinces provide a great deal of detail about the investments, while others, such as Ontario, only reports on the larger categories of expenditures. Some jurisdictions reported separately on their STTF investments while other rolled these investments into regular LMA programs. Quebec does not file a separate LMA plan or report – it produces its own report on all its labour market activities.

There is limited capacity to create a meaningful national summary of activities based on the published annual reports. Because of the lack of uniformity among reports, it is not yet possible to study, at a national level, specific initiatives for their applicability to

other jurisdictions. This also limits efforts to determine how much is being spent on literacy and essential skills at a national level.

In the LMAs, HRSDC committed to creating a national report summarizing each of the provincial and territorial Annual Reports. The first such report covered fiscal years 2008-09 and 2009-10. The report amalgamates client and service delivery performance measures. HRSDC indicates that the data on client outcomes and impact performance measures will be in its 2010-11 report.

## **Top Spending Priorities for each province and territory**

(Based on initial LMA plans)

<b>Province/Territory</b>	<b>Spending Priority</b>	<b>% of total spending</b>
<b>Alberta</b>	Training for Work	58%
<b>British Columbia</b>	Essential Skills and Workplace Based Training	30%
<b>Manitoba</b>	Skills Development	60%
<b>New Brunswick</b>	Programs for the Employed	70%
<b>Nova Scotia</b>	Literacy/Workforce Essential Skills (Employed)	70%
<b>Newfoundland and Labrador</b>	Enhancing Recruitment, Retention and Development	39%
<b>Northwest Territories</b>	Regional Programming Priorities	72%
<b>Nunavut</b>	Training, Literacy and Skills Development	53%
<b>Ontario</b>	Technical Skills Training	69%
<b>Prince Edward Island</b>	Workplace Training Programs and Services	33%
<b>Saskatchewan</b>	Workforce Development Programs and Services	33%
<b>Yukon</b>	Training & Skills Development	44%

Most provinces have included an element for administration. The amount ranges from .5% to 19% of the overall total LMA annual spending.

In terms of STTF spending priorities, the following were observed:

- **Alberta, PEI, Ontario, Newfoundland and Labrador, Yukon, NWT and Nunavut** allocated their STTF funds across its existing LMA programs.
- **Manitoba** used the funds to augment its existing LMA programming and created two new priority areas – improvements to the training system and labour market efficiency.
- **New Brunswick** is also augmenting existing programs, especially career counselling and mentoring.
- **Saskatchewan** used the funds to enhance activities related to the literacy levels of Métis and First Nations peoples, increased workplace essential skills, as well as bridging programs for immigrants.
- **BC** will create two new programs with these funds: Attach to the Workforce and Stay Working.
- **Nova Scotia** has invested its STTF funding into three areas: Workforce Response Strategy; Workforce Stabilization; Labour Market Growth and Development.

## Actual Spending<sup>1</sup>

Since there is no uniformity of reporting on expenditures among jurisdictions, a variety of different methods were used in order to determine the actual amounts spent. The primary source were the publicly available provincial/territorial Annual Reports and Annual Plans. In some cases, information was gathered from other sources such as Public Accounts or departmental reports within the various jurisdictions.

Using these reports, an estimate was made of the annual spending. In most cases, this required comparing the planned spending outlined in an Annual Plan with an actual amount in the Annual Report. In the case of British Columbia and Quebec, it was not possible to determine actual spending and so these provinces have been omitted from the following chart. This chart provides, to the best possible estimate, planned, actual and variances in spending.

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<sup>1</sup> This section is taken from *Briefing Package Labour Market Transfers and the Implications for Literacy and Essential Skills*. Prepared for the Canadian Literacy and Learning Network and the provincial and territorial literacy coalitions, by Brigid Hayes, Brigid Hayes Consulting, December 30, 2011, (Revised January 16, 2012)

Jurisdictions did not always distinguish the LMA spending from the STTF spending. In order to give a comparable across-the-board picture, except for the three territories, the chart only contains LMA money, not STTF money. In the case of the territories, STTF funds were expended in 2009-10 and 2010-11 and all LMA funds are to be spent in the next three fiscal years.

Under spending took place in the first years of the LMAs. However, provinces and territories are able to roll forward the funds and spend them in subsequent years. In addition, in years two and three, provinces and territories were able to spend STTF funds in addition to LMA funds.

### Estimated LMA Spending by Province/Territory – 2008/09 – 2010/11<sup>2</sup>

	2008-09			2009-10			2010-11		
	Planned \$000's	Actual \$000's	Variance \$000's	Planned \$000's	Actual \$000's	Variance \$000's	Planned \$000's	Actual \$000's	Variance \$000's
Alberta	52,584	30,397	-22,187	52,583	74,115	21,532	52,584	51,790	-794
Manitoba	18,000	9,806	-8,194	18,000	14,835	-3,165	18,000	20,318	2,318
New Brunswick	11,400	2,773	-8,627	11,400	17,657	6,257	11,400	13,754	2,354
Newfoundland	1,851		-1,851	8,787	7,410	-1,377	9,127		
NWT				1,467	1,437	-30	1,467	1,505	38
Nova Scotia	14,100	4,536	-9,564	14,100	16,300	2,200	14,100	15,400	1,300
Nunavut				1,604	966	-638	1,604	1,502	-
Ontario	200,000	141,000	-59,000	200,000	255,800	55,800	200,000		
PEI	2,100	1,341	-759	2,100	126	-2,226	2,100	79	-021
Saskatchewan	15,115	14,006	-1,109	15,115	15,250	135	15,266		
Yukon				1,457	1,352	-105	1,457		
<b>Annual Totals</b>	<b>315,150</b>	<b>203,859</b>	<b>-111,291</b>	<b>326,613</b>	<b>404,996</b>	<b>78,383</b>	<b>327,105</b>	<b>90,594</b>	<b>3,093</b>
<b>Cumulative Totals</b>				<b>641,763</b>	<b>608,855</b>	<b>-32,908</b>	<b>968,868</b>	<b>713,203</b>	<b>-29,815</b>

Note: "Planned" figures are based on the initial six-year LMA plans and have not been adjusted to reflect updated plans. Does not include Quebec and British Columbia.

<sup>2</sup> Information estimated based on provincial/territorial annual reports and annual plans.

## General Concerns about LMAs

- LMAs meet a well-documented need – providing training for individuals not eligible for EI Part II programs. This had been identified from the outset following EI reform.
- While control for labour market programming is now at the provincial/territorial level allowing for more nuanced responses, there remains the challenge of creating a national labour market and ensuring equity across the country. What is permissible or encouraged in one jurisdiction, may not be in another. There does not appear to be a public forum where innovative programming and approaches can be shared. Even a roll-up of the various provincial and territorial annual reports would be of great value for tracking and monitoring performance.
- The LMAs are based on a single window approach to services. For individuals, this type of service means there will be “no wrong door,” which is a positive attribute. However, this approach makes it difficult to track expenditures and can result in consolidation of service delivery among larger, multi-service organizations in lieu of smaller, more specialised services.
- An eligible client outcome and impact indicator is the number of clients who have earned credentials or certification because of an intervention. This indicator of success may see provinces and territories encouraging people to access more formal training/education or towards the credentialization of training such as literacy and essential skills in order to demonstrate success.
- Some provinces/territories have undertaken targeted consultations while others have reviewed findings of external consultations as a means to plan their LMA interventions. Few provinces/territories have specifically engaged labour.
  - **Ontario** and **Alberta** both indicate that labour is a key stakeholder but neither cited any specific consultations with labour.
  - **Manitoba** created the Advisory Council on Workforce Development to gather input from industry, labour, and other stakeholders on workplace human resource issues including retention, recruitment, and productivity.
  - In **Newfoundland and Labrador**, the Labour Market Committee of the Strategic Partnership Council is a tripartite forum involving business, labour, and government to identify and respond to the province’s human resource requirements and labour market challenges and opportunities. The LMC is an active participant in ongoing LMA and labour market policy discussions.

Quebec’s consultation process is based on its existing consultations at the provincial and regional levels including the work of the *Commission de partenaires du marché du travail*.

