A Flimflam Budget

According to the Harper government’s recent Budget, thousands of jobs are going unfilled due to a shortage of skilled labour while at the same time more than a million Canadians are unemployed. Yet the Budget’s centerpiece initiative to address this mismatch between unemployed workers and the skills they need to fill jobs – the Canada Job Grant – turns out to be flimflam.

The Canada Job Grant would pay businesses that sponsor a training plan up to $15,000 per trainee, with $5,000 from each of the business, Ottawa and the provinces. Canada’s funding for its portion of the Canada Job Grant is to come from chopping $300 million out of training funds it now pays to the provinces. But the provinces already use all of that money for training the unemployed and underemployed. Every province (except lucky Saskatchewan) is struggling with huge deficits. The provinces have no new dollars to pay for their third of the Canada Job Grant. The only way provinces can find the money is by cutting their current training programs. This is robbing Peter to pay Paul.

But provinces will have to supply more than money: provincial administrative expertise will also be needed. You cannot have a grant program without a grantor, especially a grant program as ripe for financial exploitation as the Canada Job Grant. A training plan sponsor spending $2,000 per trainee could be paid a Canada Job Grant of $15,000 and make $13,000 profit for each pupil. Multiply that by ten trainees per month for twelve months and pretty soon you have real money. Only the provinces have the capacity to oversee such a program and vet all the applications, but who will pay for the new bureaucracy to do this? And who will take the blame when fraud or other misdeeds are discovered?

The provinces’ cooperation is vital to getting the Canada Job Grant off the ground. As has become increasingly clear in the weeks since the Budget was released, especially in comments from Ontario and Quebec, the provinces are not about to shut down their own training programs to pay for a federal program. However, the provinces have an even better reason not to co-operate. The Canada Job Grant will pay only for ‘short duration’ training programs. Short duration training courses are not going to create certified electricians and plumbers, let alone accountants – the sorts of skilled workers that are in short supply.
Moreover Canadian employers have among the lowest expenditures on in-work training of any developed country. Employers may pay lip service to Ottawa’s skills initiative: it would be surprising to see them pay real money for their one-third of training costs when they have to-date shown so little interest in training.

The Canada Job Grant is an unworkable proposal which will likely never get close to being fully implemented. There is a real danger that $300 million will be cut out of provincial financing for training, but only a tiny fraction of that will be spent on the Canada Job Grant. The net result would be a substantial decrease in training and skills spending in Canada, exactly the opposite of the supposed purpose of the Budget. For a proposal with such obvious shortfalls, it has so far had remarkably little criticism. If Ottawa’s real goal is to be seen to be ‘doing something’ about the skills shortage without anything positive actually happening, the Canada Job Grant might do the trick. If, on the other hand, Ottawa is truly concerned about a skills shortage, it must go back to the drawing board and try a novel approach – consulting the provinces, business and labour which it needs as partners if it wants to set up a training program that works.

Michael Mendelson