



## Time for Talk, Not Action\*

Ottawa announced the new Canada Job Grant program in its March 2013 Budget, promising that the “detailed design” would be negotiated with the provinces “over the next year.” More than seven months have passed without a meeting.

But now Jason Kenney, the new Minister of Employment and Social Development, has found a spare day. On November 8, he will meet with his provincial counterparts, presumably to respond to their unanimous rejection of the Canada Job Grant. Is the federal government now prepared to engage in meaningful negotiations and compromise? Or will it barge ahead riding rough-shod over the provinces – and the many community organizations delivering front-line employment services, virtually all of which agree with the provinces?

If Ottawa proceeds as set out in the Budget, the Canada Job Grant will provide up to \$15,000 to a business offering a short-duration training program, with a third of the funds coming from each of the federal government, the provincial or territorial government, and the business itself. Unanswered questions abound – for example, who administers the Grant and who selects the employers, the trainees and the training? How will someone who is not already working get training?

Minister Kenney has said that he is willing to be flexible – perhaps small businesses could pay less than \$5,000 per trainee if larger businesses agreed to pay more. In addition, in letters to the provinces, Ottawa has suggested phasing in the new program with only 10 per cent implementation in the first year (starting April 1, 2014), which is just as well given a total lack of readiness to deliver the new program.

But the provinces’ main complaint is the plan to cut \$300 million (60 percent) from the Labour Market Agreements. These Agreements were initiated in an earlier Conservative Budget – way back in 2007. That Budget acknowledged “the primary role and responsibility that provinces and territories have in the design and delivery of training programs.” The resulting Labour Market Agreements transferred both funds and responsibility to the provinces for training unemployed workers not eligible for Employment Insurance, who previously had been on the sidelines of federal programs.

Ironically, the Labour Market Agreements have been one of the Harper government’s most successful employment initiatives. The money has helped tens of thousands of unemployed Canadians get the skills they need, including many from groups that have had the

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most difficulty finding jobs – Aboriginal peoples, immigrants, older workers, persons with disabilities, persons with low literacy levels, women and youth. The provinces report that according to a national evaluation (which Ottawa has so far kept under wraps), clients who participated in a Labour Market Agreement program doubled their chances of getting and keeping employment.

Of course, not all programs financed under the Labour Market Agreements are perfect. Provinces and community agencies delivering these programs are continually refining and improving their services. The provinces anticipated that 2013 would bring an opportunity to negotiate with Ottawa on ways to improve Labour Market Agreement programs. Instead, the federal government unilaterally proclaimed it would divert the bulk of the money to the Canada Job Grant.

Ottawa has provided no studies, no data and no rationale to show that the Canada Job Grant is needed. According to a recent TD Economics report, “from an economy-wide perspective, it is hard to make the case that widespread labour shortages currently exist.” The skills most often cited as in short supply, such as engineering and medical technicians, require two or more years to acquire and cannot be provided through ‘short-duration’ training. Businesses are not going to pay for youth or immigrants to get literacy training or a high school diploma. Small businesses do not have the expertise to design or broker training programs for employees. The list of objections could go on.

Yet even if the Canada Job Grant were well-designed, financing it by cutting the Labour Market Agreements is wrong-headed. Minister Kenney has more or less acknowledged this. He has hinted that he may allow the provinces

to use money from the Employment Insurance fund to pay for the Labour Market Agreements. He would first need to increase the allocation available for employment services in the Employment Insurance fund, but there is another major impediment to this proposal.

The federal government delivers Employment Insurance only by virtue of a Constitutional amendment made in 1940. This amendment limits the extent to which Ottawa can use Employment Insurance money for workers not eligible for the program. It is pretty clear that neither the Labour Market Agreements nor the Canada Job Grant can legally be funded in this way.

What Minister Kenney *should do* on the 8<sup>th</sup> of November is announce a one-year extension of the Labour Market Agreements. Take the time required for meaningful discussions with the provinces and stakeholders. What he *will do* remains to be seen.

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