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The Labour Market Agreements: What Did They Really Do?

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June 2016

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EXECUTIVE SUMMARY

From 2008 until 2014, the federal government transferred funds through the Labour Market Agreements (LMAs) to the provinces and territories to support labour market programs and employment services for Canadians who were not eligible for Employment Insurance support. Many of these Canadians were social assistance recipients, immigrants, persons with disabilities, older workers, youth, Aboriginal peoples, new labour market entrants and re-entrants, as well as low-skilled employed individuals. The LMAs were a significant response to Canadians who fell between the cracks.

The LMAs were highly flexible instruments that allowed provinces and territories to prioritize whom to serve, the interventions on offer, and how to manage and organize the services. They complemented Labour Market Development Agreements under which provinces and territories took on responsibility for employment services for Employment Insurance clients. The federal government retained direct delivery and control only for targeted employment programming for Aboriginal people, persons with disabilities and youth, as well as pan-Canadian initiatives such as the Job Bank, labour market partnerships, and research.

In 2013, the federal government chose to unilaterally cancel the LMAs and replace them with the Canada Job Grant. By doing so, Ottawa moved from providing support to the most disadvantaged to supporting employers to train their own employees. While the provinces and territories initially balked at the change, ultimately all except for Québec signed on.

In each of the six years up to 2014, an average of 360,000 people received help that otherwise would not have been provided. Many would have remained unemployed. This paper takes a retrospective look at the LMA programming over its six-year lifespan from 2008 to 2014: why it was developed; how provinces implemented it; who was served; the kinds of interventions provided; federal-provincial accountability for the funding; and the outcomes achieved.

All provinces reported high participation levels from under-represented groups, confirming that the LMA targeting was successful. Overall, 56 percent of those served were unemployed and not eligible for Employment Insurance while 44 percent were employed but low skilled.

New entrants and re-entrants, youth, immigrants, social assistance recipients and older workers were all found among the groups served. LMA funds complemented federal targeted programming for Aboriginal people, youth and persons with disabilities. With a wide range of programming interventions available, many people were able to take longer-term training and development that averaged up to a year in length. Client satisfaction rates were high, with the training seen as helping many to get a job. Post-intervention employment rates ranged from 57 percent to 77 percent.

Provinces took up their responsibilities and delivered on the federally-funded programming. Employers and other stakeholders were consulted to ensure that programming matched their requirements.

However, one aspect in which the LMAs were less than successful was in the information provided by governments to the public. This information was often late and certainly not user-friendly, in that provincial results were not compared over time or with each other. For four of the six years, the federal government failed to prepare and release a national report.

A more inclusive and reliable public accountability regime is required as Canada moves forward to decide how to use labour market funding in the future. Nevertheless, despite the shortfall in reporting, this paper demonstrates that there is a strong and continuing need for LMA-type programming in Canada.

INTRODUCTION

Governments often change their minds about priorities and policies. That is the nature of politics. However, it is one thing for a government to change its mind about its own programs; it is vastly more complicated when a government unilaterally changes a program involving another order of government. Yet that is what happened when the federal Conservatives decided they wanted to end the Labour Market Agreements (LMAs) in order to create a new program called the Canada Job Grant.

Introduced in the 2013 federal Budget “to ensure greater employer involvement in training,” the Canada Job Grant required that most of the \$500 million Ottawa had been transferring to the provinces and territories annually through the LMAs to provide employment services for *disadvantaged people* be used instead to pay part of employers’ costs to train mainly their *existing staff* [Hayes 2014]. Prior to the announcement, there had been no consultation with the provinces, territories or anyone else [Provincial-Territorial Labour Market Ministers 2013].

The federal government provided no evidence as to why this new direction would be more effective than the existing LMA programming to create, as it claimed, “the best-educated, most skilled and most flexible workforce in the world” [Mendelson and Zon 2013]. The unilateral introduction of the Canada Job Grant also contravened many previous policy pronouncements by the government in which it had confirmed the provinces’ and territories’ jurisdiction in labour market training. The introduction of the new program and the cancellation of the LMAs also contradicted a pan-Canadian evaluation that had confirmed a strong and continued need for LMA-type programming [Employment and Social Development Canada 2011].

Even though every province and territory objected to the programming realignment, by the fall of 2014 all jurisdictions, except Québec, signed new six-year Canada Job Fund Agreements. In Québec, Ottawa agreed to maintain the existing LMA arrangements because that province already had a compulsory program requiring employers to provide training to their workforce (a fact of which no one in Ottawa seemed aware when the Canada Job Grant was first announced).

Notwithstanding the eventual capitulation of all but one of the provinces and territories, was there any real reason for replacing the LMAs in the first place? How successful or otherwise were the LMAs?

This paper takes a retrospective look at LMA programming over its six-year lifespan from 2008 to 2014: why it was developed; how provinces implemented it; who was served; the kinds of interventions provided; federal-provincial accountability for the funding; and the outcomes achieved. The analysis draws on the 108 LMA annual provincial plans and reports released over the lifespan of the agreements, a single national report, a pan-Canadian evaluation, and Québec’s separate evaluation and annual reports. This paper also reflects findings from more than 130 interviews with experts and others. Donna Wood conducted these interviews across Canada between 2012 and 2015 to assess how provinces and Aboriginal organizations took on the task of providing public employment services after Ottawa devolved this responsibility starting in 1996.

By consolidating and analyzing the provincial LMA reports, we in effect provide a national report for the four years that Ottawa did not produce such a report, despite its written commitment to do so in every federal-provincial agreement. Our paper also provides provincial performance summaries, allowing readers to compare results.

The paper includes only provincial LMA results. It does not examine performance in the three territories as cost constraints restricted the research interviews to the ten provinces. It also does not consider results under other federal-provincial/territorial labour market agreements, including the new Canada Job Fund Agreements. When we were finalizing this paper in May 2016, Alberta was the only jurisdiction that had so far released a public report about its activities under the Canada Job Fund Agreement. However, the baseline information provided on the LMAs in this paper should prove useful to interested stakeholders once Canada Job Fund Agreement results from other provinces are available.

WORKFORCE DEVELOPMENT IN CANADA: A COMPLEX FEDERAL-PROVINCIAL POLICY DOMAIN

Labour market programs in Canada consist of a tangled set of arrangements that have evolved over time based on constitutional jurisdiction, historical developments and critical junctures. By the mid-1990s, the federal government played the primary role, with services delivered through

more than 500 Canada Employment Centres across the nation. Federal employment supports and access to training were available for Unemployment Insurance recipients as well as others not receiving these income support benefits. Most provincial governments were also involved in offering employment programs, especially for youth, social assistance recipients and persons with disabilities. Federal contributions often covered half of the costs of the provincial programs through agreements for persons with disabilities and older workers.

Ottawa funded its employment services for those eligible for (the former) Unemployment Insurance (or 'almost' eligible under somewhat looser conditions than that for monetary assistance) out of a dedicated fund, which was financed by employer and employee contributions. Employment services for those not eligible for Unemployment Insurance, often women, Aboriginal people, persons with disabilities, visible minorities, social assistance recipients, older workers and youth, was paid for out of the Consolidated Revenue Fund – i.e., the pool of general government revenue.

In 1996, in an attempt to deal with the federal deficit and debt, Ottawa renamed Unemployment Insurance as 'Employment Insurance,' and introduced a new *Employment Insurance Act*, tightening eligibility and access to benefits and services. It also reduced by about half the \$2 billion in funding it had previously made available from general revenue for employment and training supports for clients not eligible for Employment Insurance [Critoph 2003].

In response to Québec's demands for autonomy, the Government of Canada also committed to 'flexible federalism,' recognizing that provinces and territories bore the primary responsibility for the design and delivery of labour market programs. To realize this objective, Ottawa offered to transfer to provinces and territories the approximately \$2 billion it was already spending on employment services for Employment Insurance clients through administrative, not constitutional, arrangements. It also offered to transfer federal staff and contracts responsible for program delivery.

The mechanism used was bilaterally-negotiated Labour Market Development Agreements (LMDAs). It took more than 14 years and a change of government at the national level from Liberal to Conservative in 2006 for all jurisdictions to agree to take on the federal programming through what were called 'devolved' LMDAs. Some provinces and territories initially chose 'co-managed' arrangements in which federal officials continued to manage the programming, with provincial/territorial advice. Alberta was the first to take on a devolved LMDA in 1996 and Yukon was the last in 2010. Ultimately, more than 2,600 federal positions and almost 1,000 contracts were transferred to the provinces and territories.

By the early 2000s, it became evident that those most in need of employment services – immigrants, persons with disabilities, older workers, social assistance recipients, youth and Aboriginal people – were not being adequately served. LMDA funding restrictions prevented longer-term interventions like training from being offered to anyone other than active Employment Insurance recipients and those who had received benefits in the recent past (called 'reach-back clients'). As a result of the Employment Insurance reform, fewer people (about half of the unemployed) qualified for Employment Insurance regular benefits. Provinces and territories pressed Ottawa to provide additional funding for employment services so that more Canadians could be served [Provincial-Territorial Labour Market Ministers 2002]. Québec evaluations of its success in serving social assistance recipients were particularly persuasive [Noel 2011].

When the federal Liberal government fell in 2006, supplementary agreements to the LMDAs to meet these requests had been negotiated in three provinces. As these new agreements would have sanctioned the re-insertion of federal staff into the direct delivery and management of labour market services, Alberta and Québec with devolved LMDAs saw this federal action as a threat to the coherent provincially-managed system they had built post devolution. Although they wanted the additional federal funding, they vehemently objected to the federal Liberal plan.

When the Conservatives assumed power in 2006, under their 'open federalism' approach, an additional \$500 million annually was allocated – \$3 billion over six years – so that all 13 jurisdictions could enhance the services on offer to non-Employment Insurance recipients as well as low-income earners through Labour Market Agreements (LMAs). These highly flexible agreements (in effect until March 2014) allowed provinces and territories to prioritize whom to serve, the interventions on offer, and how to manage and organize the services. There was to be no intrusive direct federal oversight or control. This new funding – basically a partial replacement for the designated group programming that the Liberals had cut in the 1990s – came from the Consolidated Revenue Fund, not the Employment Insurance account. As a result, it was not subject to Employment Insurance's eligibility restrictions.

The LMAs were also introduced as a way to secure agreement from all jurisdictions to take on devolved LMDAs. When the federal Conservatives assumed power, there were devolved agreements in eight jurisdictions and co-managed agreements in five. The LMDA allocations to each jurisdiction had not changed since the first offer was made in 1996. It was now 2007 and costs had increased. The nature of the LMDAs was such

that if any one jurisdiction had its allocation increased, all agreements had to be opened up and the same increase applied to the rest. The LMAs thus represented a means to increase labour market funding to all jurisdictions without revisiting the LMDAs. This is how Canada ended up with the confusingly-named two sets of federal-provincial/territorial agreements for employment services, called LMDAs and LMAs.

FEDERAL-PROVINCIAL/TERRITORIAL LABOUR MARKET PROGRAMMING LANDSCAPE IN 2014

With the implementation of devolved LMDAs as well as supplementary LMAs, provincial and territorial governments became responsible for the design and delivery of over three-quarters of federally-funded labour market programming delivered through entities called (among other names) *Employment Ontario*, *WorkBC*, *Alberta Works* and *Emploi-Québec*. In 2014, more than 600 provincial points of service were on offer, using over 1,000 contracted service providers as well as government staff [Wood, forthcoming].

While Ottawa's role focused primarily on pan-Canadian initiatives, it also retained direct responsibility for the delivery of targeted employment services for youth, persons with disabilities and Aboriginal people. A network of 85 labour market organizations operating across the country under the Aboriginal Skills and Employment Training Strategy (ASETS) banner deliver targeted Aboriginal employment services. Federal youth and disability programming is managed primarily through contractual arrangements under the supervision of Service Canada offices operating across the country.

Table 1 outlines LMDA and LMA federal funding allocations and share for each province and territory as well as the transfer timing. In 2013-14, federal transfers totalled \$2.45 billion, out of about \$3.6 billion allocated by the Government of Canada to labour market programming. (For more information on all federal funding allocations to labour market programs, see Wood 2015: 196). While minor adjustments have occurred between jurisdictions each year, other than increases in 2009-10 and 2010-11 to deal with the economic downturn, overall funding allocations for the LMDAs and LMAs have remained the same since the programs were introduced in 1996 and 2008, respectively.

TABLE 1
SUMMARY OF FEDERAL-PROVINCIAL/TERRITORIAL LABOUR MARKET DEVELOPMENT (LMDA)
AND LABOUR MARKET (LMA) AGREEMENTS 2013-14
(\$'000s)

| Province/ territory | LMDA date ¹ | 2013/14 LMDA allocation ² | 2013/14 LMA allocation ³ | Total allocation | Share of total funds | Share of population |
|------------------------|---------------------------|--|---|---------------------|----------------------------|------------------------|
| NL | 2009 | \$129,219 | \$7,349 | \$136,568 | 5.6% | 1.5% |
| PE | 2009 | \$26,084 | \$2,094 | \$28,178 | 1.2% | 0.4% |
| NS | 2009 | \$79,013 | \$13,599 | \$92,613 | 3.8% | 2.8% |
| NB | 1997 | \$89,763 | \$10,836 | \$100,599 | 4.1% | 2.2% |
| QC | 1998 | \$581,242 | \$115,462 | \$696,704 | 28.4% | 23.6% |
| ON | 2007 | \$565,471 | \$193,603 | \$759,074 | 31.0% | 38.4% |
| MB | 1997 | \$43,507 | \$18,162 | \$61,669 | 2.5% | 3.6% |
| SK | 1999 | \$36,426 | \$15,481 | \$51,907 | 2.1% | 3.1% |
| AB | 1997 | \$109,143 | \$55,529 | \$164,672 | 6.7% | 10.9% |
| BC | 2009 | \$280,647 | \$66,263 | \$346,910 | 14.2% | 13.1% |
| NT | 1998 | \$3,143 | \$621 | \$3,764 | 0.2% | 0.1% |
| YK | 2010 | \$3,482 | \$518 | \$4,000 | 0.2% | 0.1% |
| NU | 2000 | \$2,859 | \$483 | \$3,342 | 0.1% | 0.1% |
| Total | | \$1,950,000 | \$500,000 | \$2,450,000 | 100% | 100% |

¹ LMDA implementation date is from 2013-14 *Employment Insurance Monitoring and Assessment Report*, p.278.

² Allocations are from 2013-14 *Employment Insurance Monitoring and Assessment Report*, p. 278. The distribution between jurisdictions is based on labour market conditions and historical spending from the mid-1990s. Each jurisdiction also receives an additional allocation for administration.

³ Allocations are from Mowat Centre 2014, p. 16. LMA allocations are per capita.

LMA ACCOUNTABILITY FRAMEWORK

Labour Market Agreements were negotiated and signed bilaterally, starting with British Columbia on February 20, 2008, and ending with Nunavut on July 16, 2009. Each LMA was about 22 pages, precise and largely similar from one jurisdiction to another. Provinces and territories could choose the interventions and delivery model that suited them best. However, in keeping with the key objectives of the LMA – meant to be incremental and serve clients excluded under the LMDA – there was a detailed list of clients eligible for the programming about whom the provinces and territories were expected to track and report.

Each agreement had a similar 'accountability framework' consisting of the following components: (i) planning, (ii) financial reporting, (iii) performance measurement, (iv) public reporting and (v) evaluation. Each province and territory agreed to collect and compile information on ten areas of performance. This information was to be provided to Ottawa by a defined time frame and publicly released.

In addition to provincial and territorial commitments, the Government of Canada agreed to develop and release a national report every year. Every bilateral agreement contained the following clause:

Following the end of each Fiscal Year during the Period of the Agreement, Canada will report annually to Canadians on the aggregate results of the labour market agreements with provinces and territories based on the performance indicator information set out in Annex 2 collected and compiled by all provinces and territories and provided to Canada.

LMA IMPLEMENTATION

Implementation of the LMA agreements began in 2008 – just as Canada entered into an economic downturn. As one example, Ontario's unemployment rate jumped from 6.3 percent in 2005-06 to 9.0 percent in 2008-09, and the number of people receiving regular Employment Insurance benefits increased from 182,130 to 319,440 [Wood, forthcoming]. In the face of this emergency, the federal government decided to provide an additional \$250 million to the LMAs through a new Strategic Training and Transition Fund for 2009-10 and 2010-11. It also increased LMDA funding. After the recession eased, LMA and LMDA funding allocations for 2011-12 and subsequent years of the agreement returned to the levels noted in Table 1.

For the seven jurisdictions that had negotiated devolved LMDAs in the late 1990s and early 2000s (Alberta, New Brunswick, Québec, Manitoba, Saskatchewan, the Northwest Territories and Nunavut), implementing the LMA (as well as the Strategic Training and Transition Fund) during 2008 and 2009 was fairly straightforward, involving an expansion of employment services already in place to new client groups. Their delivery platforms generally involved a 'front door' managed by provincial civil servants, supplemented by contracted service delivery agents and postsecondary institutions.

However, implementation was much more complicated for the remaining six jurisdictions. Although Ontario had agreed to take on a devolved LMDA in 2005, devolution did not start until 2007. It took time for the *Employment Ontario* business line to be created, and the federal staff and contracts were not transferred until 2010.

British Columbia, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, and Yukon were even further behind, not taking on their devolved LMDAs until 2009. Expanding the programming on offer through the LMAs – at the same time as they developed and implemented a delivery platform for a brand new business line using funding through the LMDAs – was extremely challenging. In order to get the federal LMA money out the door so that people could start receiving services, in most of these jurisdictions programming decisions were managed by an interdepartmental committee, and the money was distributed via a variety of provincial government departments, which used it mainly to expand existing programming.

LMA RESULTS

To understand LMA results, we undertook a review of the 108 provincial LMA plans and reports. These are, in general, available on the website of the responsible provincial government department (see links from the Employment and Social Development Canada at http://www.esdc.gc.ca/eng/jobs/training_agreements/lma/index.shtml). Annual provincial LMA plans preceded annual provincial reports, which included an environmental scan, a description of the planned activities, groups to be served, and the consultation process used to develop the provincial plan. Over the course of the LMAs, each province (except Québec) was expected to produce 12 distinct documents so its citizens could assess the use of the federal LMA money. In Québec, the provincial and federal government agreed that the *Emploi-Québec* annual report would substitute for a dedicated LMA report. Québec was also not obligated to report using the same indicators as the other provinces.

Drawing on these provincial reports, a performance summary for each province on their LMA results over the six years was prepared (available from the authors upon request). To compare results, we calculated an 'average' for each province for each indicator as a way to represent overall LMA activity and results in that jurisdiction. Given the time needed to design, implement and promote the LMA programming, the average covers only the final four years of LMA programming, not all six. Table 2 below shows these averages.

TABLE 2
LABOUR MARKET AGREEMENT RESULTS BY PROVINCE IN AN AVERAGE YEAR
(2010-11 THROUGH 2013-14)¹

| | BC | AB | SK | MB | ON | QC | NB | NS | PE | NL |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Federal allocation 00,000s) | \$66.3 | \$55.5 | \$15.5 | \$18.2 | \$193.6 | \$115.5 | \$10.8 | \$13.6 | \$2.1 | \$7.4 |
| Client Indicators | | | | | | | | | | |
| <i>Status before intervention</i> | | | | | | | | | | |
| Employed | 24% | 22% | 5% | 53% | 46% | n/a | 25% | 19% | n/a | 34% |
| Unemployed | 59% | 77% | 4% | 37% | 53% | n/a | 71% | 68% | n/a | 61% |
| Self-Employed | 4% | 1% | - | 5% | - | n/a | - | - | n/a | - |
| N/A | 13% | - | 93% | 5% | 1% | n/a | 4% | 13% | n/a | 5% |
| <i>Education</i> | | | | | | | | | | |
| Less than high school | 24% | 50% | 43% | 18% | 22% | n/a | 53% | 22% | n/a | 48% |
| High school | 37% | 15% | 33% | 34% | 38% | n/a | 31% | 34% | n/a | 19% |
| Some post-secondary | 37% | 35% | 25% | 39% | 26% | n/a | 16% | 17% | n/a | 33% |
| N/A | 2% | - | - | 9% | 14% | n/a | - | 27% | n/a | - |
| <i>Designated client group²</i> | | | | | | | | | | |
| Aboriginal people | 4,076 | 2,495 | 5,268 | 2,075 | 2,189 | n/a | 175 | 94 | n/a | 200 |
| Persons with disabilities | 1,793 | 3,117 | 473 | 541 | 30,748 | n/a | 289 | 500 | n/a | 261 |
| Immigrants | 3,262 | 3,082 | 1,651 | 1,624 | 22,850 | n/a | 76 | 844 | n/a | 80 |
| Older workers | 1,512 | 2,112 | 491 | 722 | 30,441 | n/a | 420 | 125 | n/a | 160 |
| Youth | 6,780 | 6,531 | 4,445 | 2,797 | 72,743 | n/a | 1,514 | 406 | n/a | 1,042 |
| Women | 6,802 | 14,605 | 4,528 | 3,700 | 65,267 | n/a | 1,679 | 1,437 | n/a | 922 |
| Service Delivery Indicators | | | | | | | | | | |
| Total Served | 14,872 | 35,429 | 8,484 | 9,025 | 222,819 | 107,612 | 4,218 | 3,125 | 781 | 2,004 |
| Clients satisfied | 96% | 92% | 93% | 95% | 91% | 88% | 90% | 90% | 98% | 95% |
| Outcome and Impact Indicators | | | | | | | | | | |
| Clients completed | 84% | 80% | 82% | n/a | 68% | n/a | 74% | n/a | 84% | 51% |
| Clients employed | 87% | 60% | 58% | 68% | 62% | 57% | 62% | 68% | 77% | 58% |
| Training helped | 94% | 80% | 86% | 70% | 89% | n/a | 86% | 86% | 93% | 89% |
| Earned credentials | 4,806 | 331 | 54% | 61% | 6,138 | n/a | 43% | 72% | 111 | 55% |
| Average hourly earnings | \$16.84 | \$16.03 | \$15.04 | \$17.95 | \$19.83 | \$13.82 | \$12.97 | \$12.16 | \$14.01 | \$15.40 |

¹ We constructed a consolidated summary of all LMA reports (covering six years of activities) from each province's reports, issued annually. Some included results using Strategic Training and Transition Funding for 2009-10 and 2010-11. This table averages provincial reports for the last four years of the agreements: 2010/11, 2011-12, 2012-13 and 2013-14. The first two years were dropped because of incomplete data. The italicized headings are the ten indicators on which provinces agreed to report. Québec did not report on the same indicators as in the rest of Canada, hence considerable information is not available. Internal PEI information provided to the authors did not include information on client indicators.

² As self-identified. Some people may identify with more than one group; others with none. Percentages in three provincial reports were converted into numbers. Numbers cannot be totalled as some people may report in more than one category.

To supplement the analysis of the annual provincial plans and reports, we also examined Québec's LMA evaluation (2010); *Emploi-Québec's* annual reports from 2008-09 to 2013-14; the single national LMA report covering 2008-09 and 2009-10 [Human Resources and Skills Development Canada 2011] as well as the pan-Canadian LMA evaluation [Employment and Social Development Canada 2013]. The national LMA report relied on provincial data; by contrast, a single contractor undertook the pan-Canadian LMA evaluation, supervised by all jurisdictions except Québec. The pan-Canadian LMA evaluation's primary data source was a survey across Canada of 7,000 people who completed LMA programs and services between April 2008 and September 2010. This pan-Canadian evaluation report was widely publicized in 2014 as part of the media coverage of the federal/provincial/territorial discord surrounding the replacement of the Labour Market Agreements with Canada Job Fund Agreements.

Neither of the two pan-Canadian documents provided any information on individual provinces that could be used to compare performance. The reason is that provinces are not supportive of Ottawa writing and releasing such reports. Even the *Employment Insurance Monitoring and Assessment Report*, released annually by the Employment Insurance Commission since 1998, does not undertake analysis comparing provinces.

Given that the responsible provincial government departments released the provincial LMA plans and reports publicly each year, we consider them reliable. The 2013 pan-Canadian LMA evaluation also confirmed their validity, noting that:

A review of the [provincial] annual reports indicates the LMA provisions for performance measurement and reporting are generally met, with the exception of an occasional missing indicator. In the most recent annual reports (2010-11) available in the review period, virtually all jurisdictions reported on almost all performance indicators [Employment and Social Development Canada 2013: 35].

Nevertheless, federal officials interviewed in 2015 expressed concerns over the provincial LMA reports with respect to the validity of the indicators chosen, the quality of the data collected by the provinces, and its usefulness in comparing provinces or drawing pan-Canadian conclusions.

WHAT WERE PROVINCES EXPECTED TO REPORT ON?

The provincial LMA plans and reports varied considerably from one province to another, but were generally consistent within each province over the six-year life of the LMAs. Some reports were lengthy (up to 40 pages) and contained – in addition to reporting on the prescribed indicators – labour market contextual information, programming stories and case vignettes. Others were cursory and brief. Two provinces, New Brunswick and Prince Edward Island, decided not to produce separate LMA performance reports, but to report instead within their departmental annual report. This made finding LMA results more challenging within these much larger reports.

Each province was expected to report annually on the use of the federal LMA funds using the following indicators:

1. employment status before intervention (employed, unemployed, self-employed)
2. education (less than high school, high school, postsecondary education)
3. designated client group (Aboriginal people, persons with disabilities, immigrant, older workers, youth, women)
4. number of clients participating by intervention type
5. proportion of clients satisfied with the service
6. proportion of clients who completed their intervention
7. proportion of clients who, three and 12 months afterwards, were employed, unemployed or continuing in the intervention
8. number of clients who earned credentials
9. average hourly earnings following the intervention
10. proportion of clients who felt that the training helped them towards future employment.

While provincial and federal officials interviewed were aware of the LMA planning and reporting requirements, community, business and union stakeholders across Canada had little knowledge. This lack of knowledge included training organizations that delivered most of the LMA programming within each province.

An Ontario community training representative made this comment: "That is interesting about the LMA reports and no, I don't think anyone actually looks at them. I actually followed the link to the Ontario results, and the site is down at the moment....Any numbers reported are likely difficult to interpret." This response was not unique to Ontario; only two people familiar with national labour market issues mentioned the LMA plans and reports. However, they had not actually read and analyzed the reports over time, or tried to compare one province to another.

HOW DID PROVINCES CHOOSE THE INTERVENTIONS AND TARGET GROUPS?

Each province was expected to outline its labour market circumstances in the annual LMA plan, and demonstrate that it had undertaken consultations with stakeholders such as employers, unions, community organizations and postsecondary institutions. The 54 LMA plans generally provided a detailed overview of the provincial context as well as the interventions planned and the clients to be served. The level of detail on stakeholder consultation varied from one province to another.

The pan-Canadian LMA evaluation also addressed planning and consultation, noting that, while each jurisdiction had a different approach and focus, each provided a reasonable and well-documented rationale for its priorities. The evaluation also noted that consultations with employers often led to partnerships and targeting employers for specific programming, such as wage subsidies and workplace skills [Employment and Social Development Canada 2013: 34].

DID ALL PROVINCES REPORT IN A COMPLETE AND TIMELY MANNER TO THEIR PUBLICS?

Not all LMA agreements required the public release of information on all ten indicators provided to the federal government. Seven provinces did publicly release information on all indicators. However, Ontario, New Brunswick and Prince Edward Island publicly reported on only a subset of the LMA indicators, even though they had provided complete information on all 10 indicators to the Government of Canada.

Why was this? An Ontario official advised that they did not report publicly on all indicators as they thought that this would be confusing for their stakeholders and service providers, given that the information had been collected solely to satisfy the federal-provincial agreement. New Brunswick and Prince Edward Island included only selected LMA results as the information needed to be compatible with their broader departmental annual reports. In these three provinces, contact was made with officials in each jurisdiction to secure the internal data, which when requested was provided willingly.

Finding Québec LMA results was even more challenging. Although there is extensive reporting and information through *Emploi-Québec* on the results of their employment programming, it is not separated by funding source (LMDA, LMA or provincial). With the assistance of Québec officials, we have identified *Emploi-Québec* numbers for under-represented groups as a proxy for the LMA target group.

The first provincial LMA reports were due on October 1, 2009. By the end of March 2010, reports from only six jurisdictions were available on the federal website. For 2008-09 and 2009-10, there were significant delays in reporting as well as gaps in information, primarily because provinces needed to take the time to put systems into place to collect the agreed-upon data.

The LMAs ended March 31, 2014. All 54 provincial reports for all six years (including the last year 2013-14) should have been publicly released by October 1, 2014. By the summer of 2015 all reports – with the exception of two years in Saskatchewan and one in Prince Edward Island – had been located by the authors, with most available on the federal and provincial websites. However, links to websites were often broken and reports for some years for some provinces were hard to find. The process was not user-friendly; it took considerable time and effort to locate the reports and gather all the information.

Manitoba was the timeliest in the release of its reports, followed by New Brunswick, Alberta, British Columbia, Ontario, and Newfoundland and Labrador. In terms of completeness, British Columbia, Alberta and New Brunswick had results available on all indicators for all years; Manitoba, Ontario, and Newfoundland and Labrador were also close to complete, although they were missing data for the early LMA years. While Nova Scotia's reports were all eventually located, some information was not included. Saskatchewan reported on all of the indicators; however, obtaining its reports for 2012-13 and 2013-14 required direct follow-up with provincial officials. By early 2016, Prince Edward Island's 2013-14 information was still not available, despite two follow-up requests.

WHAT CHALLENGES DID PROVINCES EXPERIENCE IN REPORTING?

Provincial officials often noted the challenges involved in having to report to the Government of Canada on four different labour market agreements, each with different accountability provisions. These include not only the LMDA and LMA agreements, but also the Labour Market Agreement for Persons with Disabilities and the Targeted Initiative for Older Workers. Each province has had to build information systems to satisfy these federal reporting requirements as well as those needed to fulfill their respective provincial reporting requirements.

The pan-Canadian LMA evaluation also noted the challenges that provinces had experienced in meeting the federal reporting requirements, including follow-up with clients, cost, information infrastructure, capacity, and privacy and information sharing. While federal concerns with provincial reporting were noted (not meeting deadlines, incomplete reporting, inconsistent data and lack of conditionality), the requirement of incrementality within financial statements (that is, that funds could only support activities that would not have occurred in their absence) gave the Government of Canada a high degree of confidence that the LMA monies were being spent as intended [Employment and Social Development Canada 2013: 37].

DID OTTAWA PRODUCE AN AGGREGATE REPORT?

The Government of Canada released only a single national report (15 pages long) that combined information for 2008-09 and 2009-10. The federal government did not post it on its website until August 2011, though it was due in the spring of 2010. There was no press release to call attention to the national report. Basically, the national report did little more than summarize clients served categorized by target group and interventions by type of intervention. It included no outcome information, even though by then most provinces had provided this information to Ottawa. No further LMA national reports were released. Asked in 2015 why the Government of Canada failed to follow through on its commitment to report, federal officials said that they did not do national aggregate reports as they did not think that the provincial information was comparable and they were concerned with data quality.

WAS THE PROGRAM TARGET GROUP SERVED?

The LMAs were targeted to serve unemployed individuals not on Employment Insurance including: social assistance recipients, immigrants, persons with disabilities, older workers, youth, Aboriginal peoples, new labour market entrants and re-entrants, and previously self-employed as well as employed individuals who were low skilled, especially those who did not have a high school diploma or a recognized certification or who had low levels of literacy and essential skills. Yet the client groups identified in the agreements were not identical to those that provinces reported on. For example, the reports did not include information on social assistance recipients.

According to the provincial LMA reports, Ontario and Manitoba served the highest number of employed people (at 46 percent and 53 percent, respectively) while Alberta and New Brunswick served the greatest number of unemployed people (at 77 and 71 percent, respectively). In four provinces (Alberta, Saskatchewan, New Brunswick, and Newfoundland and Labrador), almost half of LMA participants lacked a high school education. Manitoba and British Columbia had the highest proportion of participants with a postsecondary education, at 39 and 37 percent, respectively.

WHICH GROUPS GOT THE MOST SERVICES?

There were high participation levels in all provinces from under-represented groups, confirming that the LMA funding had been successful in reaching the defined target groups. A review of the data illustrates that while all provinces focused on youth, Ontario, New Brunswick, Newfoundland and Labrador, and Alberta were particularly strong. Persons with disabilities were particularly well served in Ontario and Alberta. Other than Nova Scotia, Atlantic Canada did not serve many immigrants using LMA funding; most were served in Ontario, British Columbia and Alberta. More older workers were served in Ontario than in any other province.

The pan-Canadian LMA evaluation was more useful in understanding the mix of clients who were served. The information collected in the 24-month pan-Canadian LMA evaluation survey outlined client distribution as follows:

- Aboriginal people 5 percent
- immigrants 28 percent
- older workers 8 percent
- persons with disabilities 7 percent
- social assistance recipients 25 percent
- previously self-employed 13 percent
- new entrants, re-entrants 43 percent
- women 40 percent
- youth 28 percent
- unemployed, not Employment Insurance eligible 56 percent
- employed, low skilled 44 percent [Employment and Social Development Canada 2013: 21]

WAS THERE DUPLICATION IN PROGRAMMING?

The pan-Canadian LMA evaluation confirmed that the programming was viewed by most as complementary to LMDA-funded programming as well as programming for Aboriginal people, youth and persons with disabilities still managed directly by the Government of Canada. According to key informants interviewed for the evaluation, LMA programming did not duplicate programming funded through other arrangements and, in most cases, was needed to fill gaps. Individual jurisdictions avoided duplication through their conscious efforts, including joint planning and review [Employment and Social Development Canada 2013: 17].

LMA funding provided services to just over 16,000 Aboriginal people each year according to the provincial LMA reports (excluding Québec and Prince Edward Island where this information was not available), with more than 84 percent of those served living in western Canada. These numbers provide evidence that British Columbia and Saskatchewan, in particular, targeted Aboriginal participation in their LMA programming, directing complementary funding to programming available through the Aboriginal Skills and Employment Strategy (ASETS). Over the same period as the LMAs were in operation, almost 60,000 Aboriginal people were served each year through ASETS and related employment programming [Wood, forthcoming].

HOW MANY PEOPLE RECEIVED SERVICES?

Table 3, extracted from the provincial LMA reports, provides a precise count by year of the number of additional people served by provinces as a result of the federal LMA funding. Over its six-year life, provinces served about 360,000 people each year using LMA funding.

TABLE 3
TOTAL NUMBER OF PROVINCIAL CLIENTS SERVED THROUGH
LABOUR MARKET AGREEMENT FUNDING¹ 2008/09 TO 2013/14

| Province/ territory | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| NL | n/a | 472 | 1,561 | 2,026 | 2,219 | 2,207 |
| PE | n/a | 1,000 | 1,200 | 493 | 651 | n/a |
| NS | 805 | 2,200 | 2,500 | 3,000 | 3,200 | 3,800 |
| NB | 221 | 6,960 | 6,672 | 2,078 | 1,885 | 6,238 |
| QC² | 93,880 | 108,722 | 106,731 | 109,976 | 111,455 | 114,913 |
| ON | 86,000 | 177,000 | 219,908 | 251,040 | 224,087 | 196,242 |
| MB | 3,320 | 7,074 | 8,495 | 7,278 | 9,093 | 11,214 |
| SK | 6,441 | 5,484 | 7,847 | 7,972 | 8,673 | 9,447 |
| AB | 6,504 | 23,225 | 28,977 | 24,068 | 39,703 | 48,967 |
| BC | 1,058 | 12,098 | 8,709 | 12,575 | 17,593 | 20,611 |
| Total clients served³ | 198,229 | 344,235 | 392,600 | 420,506 | 418,559 | 413,639 |
| Allocation (\$000,000)⁴ | \$500 | \$750 | \$750 | \$500 | \$500 | \$500 |

¹ From provincial LMA performance reports, plus *Emploi-Québec's* annual report.

² Quebec does not report LMA results separately from the rest of their programming. Their numbers are all new clients served, minus Employment Insurance participants. These clients are also served by provincial dollars.

³ For some provinces, clients served include those funded through Strategic Training and Transition Fund.

⁴ LMA allocations were increased for 2009-10 and 2010-11 through the Strategic Training and Transition Fund to deal with the economic downturn.

WHAT KINDS OF INTERVENTIONS WERE PROVIDED?

Intervention choices varied by province, as each had flexibility to decide on the programming mix. There was no standard for reporting on the different types of interventions. Almost all provinces offered basic employment assistance services, and for Alberta, in particular, this was a large proportion of the services offered. All offered skills training (for both employed and unemployed) and workforce supports. Alberta and Ontario had targeted programs for immigrant integration. Ontario was unique as – in addition to providing direct client services – it also funded an average of 120 infrastructure projects each year, and paid bonuses for apprenticeship completion to an average of 5,000 employers each year.

The pan-Canadian LMA evaluation organized provincial intervention choices into bundles of programming, and then aggregated the data on a pan-Canadian basis. Table 4 below [Employment and Social Development Canada 2013: 22-23] provides evidence that federal LMA funding helped many people to take longer-term training and development that averaged up to a year in length.

TABLE 4
TYPE AND DISTRIBUTION OF LMA INTERVENTIONS

| Principle program of service | Distribution | Average duration of participation |
|---|--------------|-----------------------------------|
| Skills development and upgrading | 52% | 77 weeks |
| Workplace-based skills development | 18% | 8 weeks |
| Employment services | 15% | 16 weeks |
| Skills development and work experience | 11% | 22 weeks |
| Work experience | 3% | 18 weeks |
| Multiple programs | 1% | 36 weeks |
| Total/average | 100% | 48 weeks |

This is a very different conclusion from the national LMA report released in 2011 that reported – based on early provincial LMA data – employment services as the most frequent intervention at 79 percent of the total in 2008-09 and 62 percent in 2008-09. Employment services include labour market information, basic job search and the development of employment action plans. By the time that LMA programming was fully operational and had matured in all provinces, employment services as a LMA intervention had been reduced to just 15 percent of all LMA program activities.

WERE THOSE USING THE PROVINCIAL SERVICES SATISFIED?

Because of the length and intensity of the programming provided, there was a high degree of satisfaction on the part of program participants. According to the provincial LMA reports – as summarized in Table 2 – satisfaction ranged from 88 percent in Québec to 98 percent in Prince Edward Island.

These results were corroborated by the pan-Canadian LMA evaluation where – based on the 24 month survey results – 87 percent of those who participated were satisfied or very satisfied. Satisfaction varied by program and client group. It ranged from 44 percent to 59 percent saying they were very satisfied for those taking workplace-based skills development or skills development and upgrading, respectively. Satisfaction ranged from 44 percent to 62 percent for those who were employed with low skills or those previously self-employed, respectively [Employment and Social Development Canada 2013: 30-31].

WHAT WERE THE OUTCOMES FROM THE PROGRAMMING?

According to the provincial LMA reports, completion rates ranged from 51 percent in Newfoundland and Labrador to 84 percent in British Columbia and Prince Edward Island. Manitoba and Nova Scotia did not track this indicator. Using the same data source, training helped 70 percent of Manitobans to get a job, increasing to 94 percent in British Columbia. Through 3 and 12-month follow-up surveys, provinces individually tracked the employment status of those who had participated in LMA programming. The employment rates ranged from a low of 58 percent in Newfoundland and Labrador to a high of 77 percent in Prince Edward Island. Earnings ranged from \$12.16 per hour in Nova Scotia to \$19.83 per hour in Ontario.

The pan-Canadian LMA evaluation provided additional information on these indicators. The survey concluded that 86 percent were employed after the LMA intervention, compared to 44 percent at the start of their participation. About 25 percent achieved a gain in employment that they attributed to their participation in LMA programming. On average, participants increased their weekly earnings by \$323 after participation compared

to the year prior to participation. Dependence on social assistance was reduced from 25 percent receiving benefits before they started their LMA programming to 19 percent afterwards [Employment and Social Development Canada 2013: 42-43].

CONCLUSION

Prior to the introduction of the LMAs, provinces were predominately serving work-ready clients, using federal LMDA funding and, in some places, a bit of provincial funding. More intensive interventions, such as training, could not be provided to many of the people who needed it the most. For six years, the Labour Market Agreements provided support for those who were not covered by the LMDAs – specifically, those who were not Employment Insurance eligible, were from designated target groups and had low levels of education and literacy.

With no regard for evidence regarding either the success or shortcomings of the LMAs, the previous Conservative government abandoned the Agreements in 2014 in favour of the Canada Job Grant – a completely different arrangement that focuses almost exclusively on employed workers. In doing so they abandoned the principle of provincial/territorial primacy in labour market programs (with the exception of Québec) – a principle that had been adopted by both the Conservative government and the preceding Liberal governments.

The information collected for this paper has demonstrated that there is a strong and continuing need for LMA-type programming in Canada. Provinces took up their responsibilities and delivered on the federally funded programming, serving an average of about 360,000 people annually. The outcomes achieved were positive. Employers and other stakeholders were consulted to ensure that programming matched their requirements. The flexibility afforded by the LMAs allowed provinces to respond to existing and emerging needs in their individual jurisdictions. LMA objectives and priorities aligned well with federal and provincial government priorities. LMA-funded programs complemented existing federal and provincial programming with only a small amount of duplication.

However, very little of this information was made public by governments in a form that would have been useful to stakeholders advocating for clients needing the programming. While all provinces eventually fulfilled their reporting commitments, some missed deadlines and information was often incomplete. What was provided was not user-friendly, in that most provincial results were not compared over time, and certainly not with each other. Even more seriously, the federal government failed to prepare and release its promised national consolidated reports for four years. Having these reports would have helped Canadians understand the purpose of the funding and the results achieved. The pan-Canadian LMA evaluation report was released in the very last year of the funding, and only *after* the federal Conservatives had decided to re-purpose the funding.

In 2014, the LMAs were cancelled and replaced by Canada Job Fund Agreements that will run until 2020. While provinces and stakeholders complained, the media only became engaged when the issue was presented as a federal/provincial/territorial fight rather than a consideration of what the lost programming had accomplished and how it had met Canada's workforce development needs. Hopefully this retrospective LMA report will provide additional useful information as the new Liberal government works with provinces, territories and other stakeholders to develop a more inclusive and reliable public accountability regime and makes decisions on how any new labour market funding should be allocated.

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