

**Comments by Dr. Donna Wood to the
House of Commons Standing Committee on Human Resources, Skills and Social Development and
the Status of Persons with Disabilities (HUMA)
on the renewal of the Labour Market Development Agreements
June 10, 2014**

Who am I?

I am an adjunct assistant professor at the University of Victoria. My area of expertise is comparative federalism. I have studied how the European Union, Australia and the United States manage employment programming. Over the past two years I have been assessing governance arrangements post-devolution in all provinces, involving over 100 interviews. I am just now returning from my Atlantic Canada interviews. I am very pleased to present to this committee.

How is the system working today?

Every developed country has a public employment service (PES) to match job seekers with employers. A robust PES ensures that all Canadians have an opportunity to access the labour market and that employers get the skilled workers they need. It needs to be public so that those having difficulty finding work (e.g. youth, immigrants, aboriginal people and disabled persons) and those dependent on government income support (Employment Insurance and social assistance recipients) get the individualized services and training they need. And it needs to have federal government leadership in order to ensure 1) pan-Canadian cohesiveness and coordination 2) mobility of workers across the country and 3) comparative information and research at all levels: local, regional, provincial, national and international.

Until 1996 Canada's PES was managed directly by Ottawa through a network of 500 Canada Manpower offices across the country. Since then the system has been transformed, with 80% of the programming now designed and delivered by provinces and territories through a variety of bilateral federal-provincial agreements (49 in total), of which the Labour Market Development Agreements (LMDA) are the most important. The LMDAs transferred to the provinces over 3,600 federal staff, assets and almost \$2b in funding from the Employment Insurance account. It has taken over 17 years for all provinces and territories to assess, negotiate and sign a devolved LMDA. In taking on these responsibilities each province has rationalized their internal infrastructure and their relationships with employers, service delivery providers, postsecondary institutions, and community organizations. Many have transformed the training programs on offer, as well as the supports and services they provide to social assistance claimants and other vulnerable groups. It has been a huge undertaking for all.

Devolution has led to many positive outcomes. Provincial governments (and their regional and local offices) have now developed a significant capacity, expertise, and knowledge in the policy domain. The current agreements have provided provinces with enough flexibility to match programming to local conditions, thereby improving program effectiveness. Devolution and the clarification of federal-provincial roles and responsibilities that came with it has also increased harmony in federal-provincial relations in the sector. These are all major accomplishments.

What are the problems with the current arrangements?

Even though successful, devolution is incomplete and governance problems remain. First is the absence of a Canada-wide multilateral strategic framework or agreement on goals, objectives and measures

within which the provincial programs rest. Second is executive dominance, including weak federal-provincial coordination and limited opportunity for stakeholders or citizens to participate. Third is a lack of transparency and reporting, knowledge sharing, comparative research, and processes to facilitate mutual learning. Fourth is a continued fragmentation and residual incoherence, resulting in weak accountability.

Our 14 governments are inextricably intertwined in labour market matters. The policy area cannot be managed as water-tight compartments or through unilateral federal or provincial action. The federal government should not aim to dictate a detailed program design as was attempted through the Canada Job Grant. Ottawa's role should be strategic, not operational.

What do I suggest?

1. That our 14 governments collectively undertake to reform and expand the Forum of Labour Market Ministers (FLMM) with a mandate to act as a multi-lateral, pan-Canadian intergovernmental forum responsible for consulting on and determining all aspects of employment and training policy in Canada. This would require the creation of a larger and permanent secretariat and establishing a formalized way to secure business, union, community, expert, and aboriginal input into labour market programming. It would also require building linkages with other intergovernmental forums like the Council of Ministers of Education Canada (CMEC).
2. That a new national agency be created – the Canadian Institute for Labour Market Information (CILMI) – charged with identifying, maintaining and disseminating labour market information; data gathering and analysis for comparative research; monitoring and sharing of best practices; assessing trends and policies across Canada and internationally; and evaluating labour market program results. It would perform for labour market matters a similar role as the Canadian Institute for Health Information (CIHI) provides in health care, and operate under a similar collaborative federal-provincial governance structure.
3. That federal and provincial governments finish the work needed to consolidate, affirm and fully operationalize the devolution decision, including negotiating the transfer of programs for youth and persons with disabilities to provincial governments. The only remaining direct federal oversight would be in regards to programs for Aboriginal persons, with these programs to be coordinated in defined ways with provincial programming. This final step would also include the recognition of an enhanced federal role in research, coordination, comparative benchmarking, and pan-Canadian reporting.

What should happen next to ensure effective labour market programming?

The current consultations underway through Minister Kenny's office – with limited provincial involvement – on LMDA renewal across the country are inadequate to achieve the kind of collaborative transformation in labour market programming as is suggested above. These discussions should be replaced with a broader, longer, and more transparent consultation process that is shaped by governments with the help of pan-Canadian groups (representing employers, community organizations and research institutes) and managed by a credible external organization such as a research institute.

Thank you for the opportunity to present my thoughts to your committee.