

August 11, 2014

Standing Committee on Human Resources,
Skills and Social Development and the Status of Persons with Disabilities
House of Commons
Ottawa, Ontario
K1A 0A6

Dear Committee Members:

The Saskatchewan Chamber of Commerce (SCC) welcomes the opportunity to submit its recommendations to the Standing Committee on Human Resources, Skills, Social Development and the Status of People with Disabilities with regard to the upcoming renegotiation of the Canada-Saskatchewan Labour Market Development Agreement (LMDA). As the Voice of Business in Saskatchewan, the Saskatchewan Chamber of Commerce represents the interests of over 10,000 businesses across the province through the Chamber Network.

The SCC has given careful consideration to the issue of the LMDA renegotiation. The LMDA is designed to assist individuals who are eligible for Employment Insurance (EI) to prepare for and maintain employment, this is especially important for Saskatchewan because the demand for skilled and semi-skilled workers means shortening the length of periods of unemployment is crucial in maintaining economic momentum. Recognizing that preserving success is just as important as implementing improvements, the Saskatchewan Chamber of Commerce urges the Government of Canada to act on the steps outlined in this submission to allow the LMDA to effectively address Saskatchewan's labour market needs.

The Saskatchewan Context

Saskatchewan faces significant labour market challenges. The province's unemployment rate was 3.3% in July (seasonally adjusted), the lowest in Canada. Saskatchewan Chamber of Commerce members are continually reporting an ongoing shortage of labour, as well as a mismatch of skills to workplace demand across the province. The issue of skill matching is considered to be an even more significant concern among the Aboriginal population, a community that continues to have an unemployment rate (off-reserve) of over 10%. In May 2014, Saskatchewan's largest job posting website (SaskJobs) had 14,330 opportunities posted, while the province reported a mere 10,650 EI recipients. Clearly, a lack of job opportunities is not the main reason for recipients to remain on EI in Saskatchewan. It is within this context that the Canada-Saskatchewan Labour Market Development Agreement (CS-LMDA) can be renegotiated to successfully fill a market need.

Program Context

While entering into renegotiation of the CS-LMDA it is important to recall the findings from the *Summative Evaluation of the Canada-Saskatchewan Labour Market Development Agreement*, specifically, Provincial Programs and Services (PPS) “under the CS-LMDA have produced statistically significant net impacts for participants in relation to annual earnings, average hours worked per week and EI.”¹ Also of particular importance to Saskatchewan employers were the findings that “the majority (two-thirds) of employers surveyed for this Report indicated that Saskatchewan’s PPS helped them fill job vacancies and/or meet their human resource needs. Over half of employers indicated they would not have hired an employee or provided on-the-job training without the PPS.”² Clearly many of the Provincial Programs and Services are working effectively and the maintenance of these successful programs must be a key priority of the renegotiations.

The SCC also believes that renegotiations must preserve the provincial government’s autonomy to create local offerings. Historically under the LMDAs, the federal government transferred responsibilities, staff, contracts with delivery agencies, and ongoing funding to provinces in order to allow local control over the design and the delivery of more effective programs. The SCC recognizes this as an essential component of the program; local control creates much more responsive programs that are more accessible to employers and employees.

Another priority of SCC membership with regard to the LMDA is the containment of costs. While employers recognize the need to support workforce re-entry up to a point, employers remain concerned about the level of EI payroll taxes. The SCC would like cost containment to also be a key part of any future LMDA initiatives.

Recommendations for Improvement

- 1) Collect, publish and utilize more labour market information

The SCC firmly believes that before any appropriate labour market development can occur, there has to be sufficient labour market information in place. Labour supply and demand information in terms of job availability, skill requirements and job locations is needed to ensure investments are focused on where they are most needed to close skill gaps. Insufficient labour market information is currently limiting effective funding, program design and delivery. Collecting, interpreting and using better labour market data must become a foundational element of any new labour market development program.

¹ Human Resources and Skills Development Canada. "Summative Evaluation of the Canada-Saskatchewan Labour Market Development Agreement ." March 2009. 26 July 2014

<http://www.esdc.gc.ca/eng/publications/evaluations/labour_market/2009/sp_ah_927_12_09e.pdf>.

² Ibid.,

2) Broaden Eligibility

Saskatchewan's largest groups of unemployed people with the potential for greater workforce engagement, typically Aboriginals and older workers, do not generally qualify for EI and as such have very limited access to any of the LMDA-funded training. The SCC recommends that the Government of Canada and the provinces break the link in the LMDA between funding for training and EI eligibility. The SCC understands that LMDA-funded training programs are currently used to generate EI Part I savings, but this strict focus does little to address Saskatchewan's most pressing labour market challenges, including most notably the engagement of the Aboriginal community in the workforce.

The changes to the Labour Market Agreement (LMA) funding, through the introduction of the Canada Job Grant, creates a void in the funding available to encourage entry of less employable people into the workplace. More flexibility in eligibility criteria for LMDA funded training would ensure unemployed Canadians have access to critical employment services that might be their only link to joining the workforce.

3) Enhanced transparency and results tracking

As noted above, some of the LMDA-funded training is working effectively and the maintenance of these successful programs is supported by the SCC. However, it is difficult for employers to recognize what programs are funded by the LMDA and whether or not they are successful because there is no distinction between these programs and others that are used. In fact, it is difficult for even those with a general understanding of the programs to follow the definitions of terms and categories used to present LMDA-funded programs, activities and results. This confusion limits the willingness of employers to access and support these initiatives. The SCC recommends that greater transparency, including clearer language and easier access to data, is used to report on the LMDA-funded training program outcomes.

Conclusion

Training is a vital part of maintaining a successful, growing economy and workforce. The SCC recognizes that the retraining/upskilling of EI recipients is a way to accelerate workforce re-engagement and help save on EI costs, so it is these benefits that encourage the Chamber's support of the LMDA. The renegotiation of the CS-LMDA offers an opportunity to build upon some of the program successes, which from the perspective of the SCC membership include the maintenance of result-producing programs, local decision-making, and cost containment. However, the Chamber also believes there is an opportunity for improvement.

It is difficult, if not impossible, to establish LMDA-funded training in order to respond to changing skill demands if the information on future demand is not available. Generating and utilizing better labour market information is vital to ensure appropriate program design and delivery, so the SCC urges both levels of government to quickly undertake the task of collecting additional labour market information because it will enhance all elements of the LMDA and many other programs. It is also important that this information, along with the LMDA-funded training information, be made readily and easily available to ensure broader public

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understanding. In addition to improved labour market information and transparency, the SCC believes broadening the eligibility for LMDA-funded training programs will improve the program. Ensuring access for those citizens who need training the most, those who are still not a steady part of the workforce, will build a stronger foundation for future economic growth.

By instituting the reforms outlined in this letter, the SCC believes that the Government of Canada and the province of Saskatchewan can fund and operate a responsive training program that will meet the needs of the current and future workforce, as well as address the various concerns of employers.

Sincerely,

Steve McLellan, CEO

c.c. Hon. Bill Boyd, Saskatchewan Minister of the Economy