

**INTERGOVERNMENTAL RELATIONS SECRETARIAT
MEETING NOTE**

CONFIDENTIAL ADVICE TO THE PREMIER

Labour Market Agreement (LMA) Renewal/ Canada Job Grant/ Skills

Key Messages:

- Want to engage with the federal government constructively on the LMA renewal /Canada Job Grant.
- Elements of the Canada Job Grant do not work:
 - o The 1/3 provincial matching contribution. BC needs flexibility on the matching contribution.
 - o Private sector's matching contribution will be a barrier to participation by small business.
 - o First come-first serve model in terms of access to the Canada Job Grant potentially means less money in regions of the province where it is the most needed.
 - o Funding used for the Canada Job Grant would displace the money currently allocated to the underrepresented people (e.g. Aboriginals).
 - o Provinces would then need to find additional funding to train vulnerable people or the underrepresented groups.
- We agree with the federal government that labour market training has to involve employers.
- Minister Kenney came to BC to meet with Minister Bond and Minister Bond had follow-up discussions with the federal Minister.

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Background:

- The Labour Market Agreement (LMA) expires in March 2014.
- **BC receives currently approximately \$66 million per year** under the Labour Market Agreement.
- Under the current agreement, **BC trained 70,000** clients from 2008/09 – 2011/12 with a low unemployment rate once trained.
- BC has been very successful in achieving outcomes under the current LMA and federal officials have recognized this. BC wants to maintain an active role to ensure that British Columbians get the skills and training needed to work in their communities.
- Under the renewed LMA, the federal government has announced it will maintain the same level of funding nationally, however the terms of the agreements will drastically change.
- Most of the funding (\$300 million out of \$500 million nationally) will be directed to a new “Canada Job Grant” that will require funding from provinces and the private sector (funding is 1/3; 1/3; 1/3: federal government, provinces; private sector). This creates challenges for all provinces (**BC is expected to lose \$40 million/year under the new program**).
- The LMA is one of the key funding mechanisms to address BC’s labour and skills shortages, a key commitment of the BC Jobs Plan.
- Premier Clark and Premier Alward will consult with the private sector in the coming weeks on the LMA and Canada Job Grant.

Issue: The Federal Government intends to renew the Labour Market Agreements (LMAs) with new restrictions and conditions, including a requirement that provinces deliver the *Canada Job Grant* (CJG), a new program intended to directly connect skills training with employers and jobs. The CJG will account for 60% of LMA funding allocation upon full implementation in 2017/18. The remaining 40% will support program administration and other provincial priorities. The federal government is expected to provide further details on the Canada Job Grant to provincial governments shortly.

Anticipated Outcome

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Recommended BC Position

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Position of Other Jurisdictions

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Key Points

- The LMA is one of the key funding mechanisms to address BC's labour and skill shortages, a key commitment of the BC Jobs Plan.
- BC wants to maintain an active role in the delivery of LMA funded training to ensure that British Columbians get the skills and training needed to access job opportunities in their communities.
- BC has been very successful in achieving strong outcomes under the current LMA. We want to continue to build on these successes as outlined in our Skills Training Plan.
- With major projects such as LNG, there will be a growing number of job opportunities for underrepresented groups such as Aboriginals in Northern British Columbia. Without a renewed LMA that allows provincial flexibility, BC and Canada will lose significant economic opportunity.
- The federal government has taken a one-size fits all approach to a renewed LMA, and failed to consult with provinces on its design.
- BC knows its labour market and is best positioned to determine its use, not the federal government.
- The Labour Market Agreement for Persons with Disabilities (LMA PD) is intended to improve the employment situation of persons with disabilities. It is a cost-sharing agreement.

This agreement expires in 2014, and while the federal government has indicated its intention to reform these

agreements as well, no details have been made available.

Background and Analysis

- The LMA provides BC with \$394M over six years (approximately \$66M annually) from 2008 to 2014 to fund skills training and employment programs and services for non-Employment Insurance (EI) eligible unemployed individuals and low-skilled employed individuals. The LMA is one of the key funding mechanisms to support BC's labour and skill shortages.

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- Conditions to access Canada Job Grant (CJG) funding include one-third matching contributions from the provinces and employers, with a maximum \$5,000 federal contribution per person, and up to \$15,000 per person with provincial and employer contributions of \$5,000 each, respectively.

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- The Prime Minister launched CJG consultations with employers and employer groups on April 19, and is planning to complete consultations in May to gather key input to help shape the CJG and its LMA negotiation position with provinces and territories. Consultations have focused on the cost matching component and eligibility criteria associated with training costs.
- The Federal Government plans to present a "federal offer" to provinces near the end of June or early July 2013, at which point BC will be in a better position to fully assess the impacts of CJG implementation on future LMA funding and programming. A federal negotiator has not yet been confirmed, but timelines for negotiations are "aggressive" and the Federal Government is inviting interested provinces to come to the table early for preliminary discussions.

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Background and Analysis Labour Market Agreement for Persons with Disabilities

- The Labour Market Agreement for Persons with Disabilities is intended to improve the employment situation of persons with disabilities. It is a cost sharing agreement in which the Government of Canada contributes 50 percent of the annual costs incurred by the Province for programs and services funded under the agreement, up to a maximum of \$30.74 million.
 - This agreement expires in 2014, and while the federal government has indicated its intention to reform future LMAPD agreements as well, details regarding these reforms have not been made available.
- In March 2004, the Province entered into the LMAPD with the federal government in recognition of a shared commitment to improving the employment situation of persons with disabilities.
- The Annual Plan for 2012/13 projected BC would spend \$87.4 million on LMAPD programs and services, far exceeding the expenditures required to receive the maximum federal contribution under the Agreement.
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- The province has a strong interest in the continuation of the agreement.