



**HOUSE OF COMMONS
CANADA**

**EMPLOYABILITY IN CANADA:
PREPARING FOR THE FUTURE**

**Report of the Standing Committee on
Human Resources, Social Development and the
Status of Persons with Disabilities**

**Dean Allison, MP
Chair**

APRIL 2008

39th PARLIAMENT, 2nd SESSION

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THE STANDING COMMITTEE ON HUMAN RESOURCES, SOCIAL DEVELOPMENT AND THE STATUS OF PERSONS WITH DISABILITIES

has the honour to present its

THIRD REPORT

Pursuant to its mandate under Standing Order 108(2), the Committee has studied the subject of Employability in Canada and presents its findings and recommendations.

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INTRODUCTION

The Canadian economy is experiencing a relatively prolonged period of economic strength. In 2007, the national unemployment rate was 6%, the lowest it has been in more than 30 years. Although the downward trend in the unemployment rate is a positive development overall, many employers, especially small- and medium-sized employers in Western Canada, are experiencing growing difficulty in finding workers with the skills they need to maintain and expand their operations. At the same time, Canada has more than one million unemployed people, many of whom are searching for full-time jobs. Unfortunately, many of these individuals lack the necessary skills to fill available jobs or are geographically separated from job opportunities.

Forgoing economic opportunities for want of workers with the right skills lowers output, productivity and the incomes of Canadians. Although the incidence of skills shortages normally intensifies during tight labour market conditions, we suspect that another contributing factor is a fast approaching and unstoppable demographic trend: the aging of Canada's labour force. Many expect this development to exacerbate the skills shortages problem in the years to come as Canada enters a prolonged period of slower growth in the labour force.

The capacity of the Canadian economy to produce goods and services depends on a number of factors, including the supply of workers, workers' skills, hours of work, the amount of capital used in production, and technology. The supply and quality of workers' skills are key contributors to our competitiveness and economic prosperity. As technology improves, so must the skills of workers using it; education and training are becoming increasingly important contributors to improved productivity, and our policies to increase the level and quality of human capital in this country must continue to move toward this reality.

The skill requirements of today's jobs are higher than those of the past, and the skill intensity of occupational demand is expected to continue rising in the years to come. Today, it is estimated that more than 70% of all new jobs created in Canada require at least some post-secondary education and training. Yet, more than one-third of the Canadian labour force cannot meet this requirement. An even higher proportion of working-age Canadians lack the necessary literacy and other essential skills to participate successfully in our rapidly changing labour market.

The return on investments in education and training in Canada accrue not only to those investing in skills, but to society as a whole. There is an important role for the public sector to play in facilitating individuals' acquisition of the skills they require in the workplace. Workers, unions and employers also play key roles in ensuring that the necessary investments in human capital are made. Canada's labour market is national in scope, and so all levels of government must work together to ensure that workers have the right skills

to meet Canada's future needs and are able to move freely to accept available jobs. We need to develop a more effective pan-Canadian employability strategy based on co-operation, collaboration and inclusion to meet the challenges of slower labour force growth and the prospect of growing skills shortages in the years ahead.

Education, training and many other matters related to Canadian workplaces are areas of responsibility that fall primarily within the purview of provincial and territorial governments. Members of the Committee respect this reality, but most of us also recognize that there is an important role to be played by the federal government in working with the provinces and territories to create adaptable and knowledge-based workforces in every region of the country.

The federal government has an important role to play in helping promote the unfettered movement of workers throughout Canada. Too often, workers with the right skills in one region of the country are unable to fill vacant jobs in another region because we lack adequate interprovincial/territorial mechanisms for the recognition of workers' skills. This is a serious and long-standing problem.

Increasing Canada's supply of skilled workers is important not only for economic prosperity, but also to improve the socio-economic situation of individuals whose participation in the workplace is low. With the right skills and anticipated growth in employment opportunities, the future job prospects of Canadians — especially those in under-represented groups — are expected to improve, provided we continue to develop and implement policies that support greater participation in the workplace.

On May 11, 2006, the House of Commons Standing Committee on Human Resources, Social Development and the Status of Persons with Disabilities agreed to undertake an examination of employability issues in Canada. The Committee examined a myriad of labour supply-side issues such as worker mobility, seasonal workers, older workers, skilled worker shortages, workplace literacy and the recognition of foreign credentials. Although the initial study was designed to focus on these issues, the study's scope was quickly broadened to include Aboriginal workers, workers with disabilities, low-income workers, newly arrived immigrants and temporary foreign workers.

There are essentially four ways to ensure that Canada's supply of skilled workers is sufficient to meet employers' needs and thereby mitigate what many expect will be a chronic and worsening skills shortages problem in the future. Our report is structured accordingly. One way to mitigate the impact of skills shortages is to ensure that the Canadian labour market is able to adjust quickly and that workers' skills are utilized in their most productive capacity. Chapter 1 focuses on the need to: broaden human resources planning to better anticipate which skills will be in greatest demand and how this demand can be met; reduce barriers to worker mobility; and provide for greater recognition of Canadian and foreign-born workers' formal education, skills, occupation-related credentials and prior learning.

Chapter 2 focuses on investments in human capital. We discuss issues related to workplace training, post-secondary education, lifelong learning and federally supported skill acquisition initiatives directed primarily at unemployed individuals.

Another way to augment the supply of skills is to intensify the use of existing skills among under-represented segments of the labour force. Chapter 3 examines ways to retain the services of older workers, increase the participation and employment rates among Aboriginal people and persons with disabilities, reduce work disincentives among low-income workers and extend the working season of those employed in seasonal industries.

Finally, the supply of skills can also be increased by attracting individuals from other countries. Canada's immigration program has a long history of attracting foreign applicants to meet our labour market needs. In Chapter 4 we discuss issues surrounding the selection of skilled workers seeking permanent residency in Canada, the admission of temporary foreign workers to meet specific sectoral and geographical skill needs, and the integration of immigrants into the Canadian labour market.

It is our intent that the recommendations in this report will contribute to the development of an effective pan-Canadian employability strategy that will, in the years ahead, meet the labour market needs of employers and of all segments of the working-age population, particularly those with low skills, low incomes and low workforce participation rates. Members of the Committee realize that the development of a pan-Canadian employability strategy will require an ongoing commitment and greater cooperation between federal, provincial and territorial governments. Although some of the recommendations in our report may fall within the purview of provincial/territorial responsibility, this should not be construed as an attempt to extend the reach of the federal government into areas of provincial/territorial jurisdiction. Rather, we simply believe that there is a need for federal leadership in areas of national importance. We recognize the importance of obtaining provincial/territorial consent before taking action, and believe that in the spirit of greater cooperation between both levels of government we can work together to help ensure the future prosperity of Canadians.

CHAPTER 1 — LABOUR FORCE AGING, POTENTIAL LABOUR MARKET IMBALANCES AND FACILITATING LABOUR MARKET ADJUSTMENT

The aging of Canada's population is an important development for many reasons, not least of which is its impact on the labour market. Between 1946 and 1965, the Canadian population experienced rapid growth during the post-war "baby boom." Although the influence of the baby-boom generation on the Canadian labour market has been undeniable, many observers believe that the greatest impact is still to come, particularly after 2011, the year in which the first "boomers" will reach the age of 65. Combined with a significant decline in the fertility rate since the early 1960s, this demographic event underlies the rapid aging of Canada's workplace.

The baby-boomers, born between 1946 and 1965, were concentrated at the base of the pyramid in 1971. At the time, it was already clear that they were a very large group of individuals. In 1986, they were aged between 20 and 40, and in 2001, between 35 and 55 [...] In 2007, the baby-boomers — who will be between 50 and 70 — will remain the largest group of individuals in the Canadian population.¹

Ms. Maryanne Webber
Statistics Canada

According to Statistics Canada, the working-age population (i.e., individuals aged 15 to 64) as a proportion of the total population is projected to decline during the 2010s and 2020s, reaching about 62% of the total population by the early 2030s, as compared to 70% in 2005.² Although we do not know what proportion of this population will be in the labour force in the future, we do know that labour force participation will change as the labour force ages. In this context, Statistics Canada presented two projections to the Committee; these are reflected in the labour force growth projections depicted in Chart 1.1.³ The average annual labour force growth projections for the five year intervals presented in Chart 1.1 illustrate two main points. First, while labour supply is expected to continue to

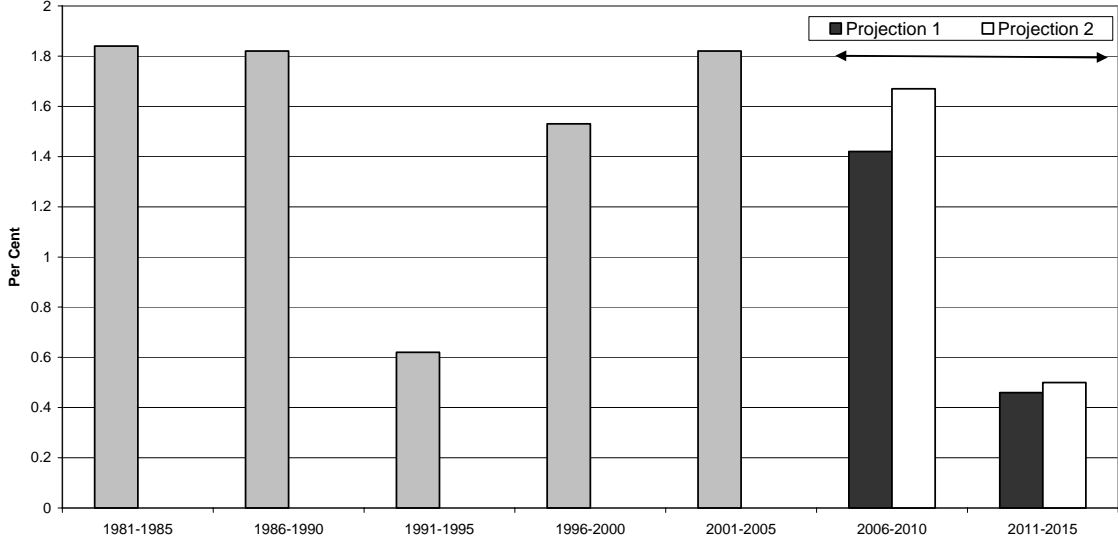
1 House of Commons, Standing Committee on Human Resources, Social Development and the Status of Persons with Disabilities (hereafter Evidence), Evidence, 1st Session, 39th Parliament, Meeting No. 7, June 13, 2006 at 9:10 a.m.

2 Statistics Canada, *Population Projections for Canada, Provinces and Territories, 2005-2031*, December 2005, pp. 48-49 <http://www.statcan.ca/english/freepub/91-520-XIE/0010591-520-XIE.pdf>.

3 The assumptions underlying Projection 1 are that the participation rate will stay the same for each five-year age group from 2005 to 2017. Under Projection 2, the participation rate will stay the same for all five-year age groups, save those of individuals 55 years of age and over, throughout the period 2006-2017. In terms of older individuals, this projection assumes that the participation rate of individuals 55 years of age and over will increase (at the same rate as that witnessed between 2004 and 2005) until 2010 and stay unchanged thereafter. In both cases, the population 15 years of age and over is projected to grow according to Statistics Canada's medium growth scenario (see CANSIM Table 052-0004, Scenario 3).

grow between now and the middle of the next decade, the annual rate of growth in Canada's labour force by the middle of the next decade is projected to be a fraction of that experienced during the first half of this decade. Second, even if older workers are persuaded to stay in the labour market for a longer period of time, slower labour force growth and, ultimately, a contraction in labour supply, appear inevitable.

CHART 1.1 - Actual and Projected Average Annual Labour Force Growth, 1981-1985 to 2011-2015



Source: Statistics Canada and the Library of Parliament

With ongoing technological change and growth in Canada's knowledge-based economy, the skill content of labour demand will also continue its upward trend. However, given that relatively fewer skilled workers are expected to enter the labour market in years to come, many believe that employers will become increasingly reliant on workers already in the labour market to meet future skill requirements. In this likely event, the capacity of these workers to quickly acquire those skills that are in short supply will have a significant influence on future workplace productivity and living standards.

[O]n the reality of an aging population, while it brings forth a number of challenges in the Canadian context, its most pronounced effect is likely to be that of its impact on our future labour supply. Slower labour force growth will make it difficult to sustain past growth rates and improvements in our standards of living.⁴

Ms. Karen Jackson
Department of Human Resources and Social Development

Over the years, Canada's labour market has demonstrated a capacity to adjust, and we expect it will continue to do so in the future. Members of the Committee also recognize that labour market adjustments take time. As a result, labour market imbalances (in terms of both shortages and surpluses) occur from time to time, as the market for particular skills takes some time to adjust. For example, if a skills shortage emerges, more workers will invest in the skills in demand as the level of remuneration and job openings rise. The speed at which the labour market adjusts to this situation depends on a number of factors, including wage flexibility, the availability of labour market information and the cost of obtaining needed skills.

Many witnesses addressed the issue of growing skills shortages. Although most suggested that Canada will not face a general labour shortage, the Committee was told that some small- and medium-sized business owners have expressed concern about a general shortage of workers. In fact, we were told that some businesses have delayed their expansion plans because they are unable find the workers they need.

[F]or a number of years now we have been watching the concern over the shortage of qualified labour gradually increase. In fact, in some provinces, like Alberta, the concern over the shortage of qualified labour has become so serious that it has actually surpassed the total tax burden. That's something we have never seen before in all our surveying, and we've been tracking these issues for a very long time [...] We don't expect the problem to get better. We actually expect the problem to continue growing. A good example is that in December, 31% of our members indicated that they expect to increase full-time employment within their firm. These are relatively healthy levels, and we expect these levels to stay healthy. But what this means is that it will become harder and harder to hire more people [...] For example, the long-term job vacancy rate, which highlights the number of positions that have been available for four months or longer, has steadily been increasing since 2004. This is problematic because it's having a serious impact on the economy, in the sense that it is forcing businesses to forgo new opportunities or expansion opportunities simply because they do not have the resources to pursue these new opportunities. Although the problem is more acute in some provinces, like Alberta, it is a problem that we have identified across the country, in every province.⁵

Ms. Lucie Charron
Canadian Federation of Independent Business

4 Evidence, Meeting No. 4, June 1, 2006 at 9:05 a.m.

5 Evidence, Meeting No. 65, March 27, 2007 at 9:25 a.m.

Many witnesses anticipate skills shortages to become more commonplace and problematic. Witnesses representing a variety of goods- and services-producing sectors of the economy highlighted existing and impending skills shortages. Appendix A provides an overview of some of these predictions, although it should be noted that these and other projections of skills shortages are typically formulated outside the context of labour market adjustments, including the substitution of capital for labour, and without adequate regard for changes on the supply side of the labour market.

My third point is about the chimera of massive impending labour shortages. We hear all the time about projections of massive labour shortages in the future — certain occupations will need 80,000 jobs [...] It's very important to beware of those types of predicted situations, because they are not going to take place. Labour markets adjust over time, wages rise, demand falls, and the supply of workers increases: people coming in from other countries, other occupations, from education institutions, and from upskilling of workers. In that sense, these adjustments take place over time.⁶

Dr. Andrew Sharpe
Centre for the Study of Living Standards

Every two years, Human Resources and Social Development Canada (HRSDC) formulates labour market projections for the coming decade. When HRSDC officials appeared before the Committee in June 2006, they indicated that two out of every three job openings that will arise in the next ten years will be attributed to labour force aging (replacement demand) rather than new job creation (expansion demand).⁷ According to the Department's most recent forecast, many occupations are expected to face excess demand pressures during the period, 2006-2015, including health-related occupations (e.g., doctors, nurses, medical radiation technologists and a variety of aides and assistants in support of health services); management occupations (e.g., managers in public administration, human resource managers and supervisors in processing occupations); professional occupations (e.g., civil engineers, industrial engineering, and manufacturing technologists and technicians); occupations specific to primary industries (e.g., oil and gas well drillers, servicers, testers and related workers); and a number of trade-related occupations (e.g., residential home builders and renovators, pipefitters and carpenters).⁸

6 Evidence, Meeting No. 13, September 28, 2006 at 11:30 a.m.

7 Growth in labour supply is estimated from the flow of students leaving the formal educational system, recent immigration and individuals re-entering the labour market following a period of non-participation.

8 M. Lapointe, K. Dunn, N. Tremblay- Côté, L.-P. Bergeron, W. L. Ignaczak, *Looking Ahead: A 10-year Outlook for the Canadian Labour Market 2006-2015*, Human Resources and Social Development Canada, October 2006, p. 58
http://www.hrsdc.gc.ca/en/publications_resources/research/categories/labour_market_e/sp_615_10_06/sp_615_10_06e.pdf.

[B]y our forecast, two out of three of the job openings that will take place in the next ten years will arise not because a new job was created but because somebody retired from an existing job. That means that because of population aging, you start to see the pressures across a wider spectrum of the occupations [...] As to the implications of these pressures, clearly one of the implications is going to be upward pressure on earnings to encourage people to stay in the workforce, to entice people to move into the areas where the demand is the greatest. If you're a worker, I don't think you would think this is a terrible problem. You would probably think it is a good problem. I think clearly firms are going to have to learn to adapt to these pressures. They are going to have to start to invest in new technology, start to invest in new efficiencies to make more effective use of Canadian workers.⁹

Mr. Cliff Halliwell
Human Resources and Social Development Canada

Although this forecast is largely silent in terms of regional labour market pressures, the Committee was told that labour market imbalances exist across the country and, according to our testimony, appear to be most acute in Western Canada.

The skills shortages and adjustment problems currently facing Alberta and British Columbia may be harbingers of the problems Canada could face nationally in the years to come. As outlined in the introduction of our report, we encourage both levels of government to work together to develop a pan-Canadian employability strategy that expedites labour market adjustments, increases investments in human capital, removes barriers to employment among under-represented groups in the labour market and uses the skills of workers who reside beyond our borders.

Chapter 1 of our report focuses on three key issues that would help facilitate faster labour market adjustments across the country: human resources planning and labour market information, labour mobility, and the recognition of domestic and foreign credentials and prior learning.

FACILITATING NATIONAL HUMAN RESOURCES PLANNING AND PROVIDING BETTER LABOUR MARKET INFORMATION

A. Human Resources Planning

The Committee was told that Canada needs to adopt a pan-Canadian perspective to address the aging of the labour force and the labour market imbalances that may result. No single level of government can adequately address this issue, and an effective strategy cannot be developed if governments act independently of one another. All stakeholders need to know what is being done in each province and territory in order to minimize the

9 Evidence, Meeting No. 4, June 1, 2006 at 9:25 a.m.

duplication of effort and the ineffective use of resources. Federal/provincial/territorial co-operation is essential to plan for and meet our future skill requirements.

The call for a pan-Canadian perspective regarding human resources planning was most intensely expressed by groups representing the health care sector. Given the prospect, evidenced above, of continued and growing labour market imbalances in many health care-related occupations, the urgency for better planning is easily understood.

[A]s you all know, there have been a number of labour sector studies for various health disciplines or health professions. There was a nursing one, a physician one, a pharmacist one, a home care one. The Canadian Healthcare Association was involved in all of these, sometimes on the steering committee, sometimes on the management committee. They were sometimes concerned that they were working in silos, and while we were all trying to plan for the future, the assumptions on which we were planning were different and really needed to be more integrated than not. Frankly, that's why we kept meeting throughout this process, doing various sector studies, seeing how we could get together so we weren't operating in silos. So what we're really seeing is some kind of mechanism to bring together all of the various information gathering, research processes, planning processes, and what not, not in a way that steps on anyone's jurisdiction, but in a way that understands that people are mobile and can move from province to province, region to region. We need to address those issues as well as needs across the country.¹⁰

Sharon Sholzberg-Gray
Canadian Healthcare Association

The issue, of course, lies in the fact that each province does its own planning related to education and employment. Each independently projects future health needs. The value of uncoordinated efforts in the area of employability is diminishing. Canada needs to pull together to recognize the growing mobility of health professionals and others. We were pleased to read the recent announcement by governments identifying interprovincial mobility as a policy priority.¹¹

Mrs. Lisa Little
Canadian Nurses Association

10 Evidence, Meeting No. 10, September 21, 2006 at 12:15 p.m.

11 Ibid., at 11:30 a.m.

[I]deally what we'd want to see is the creation of a health sector table much like what exists in other areas, like engineering, forestry, and mining. We've generally run into a brick wall with respect to applications for that, largely having to do with federal-provincial-territorial responsibilities.¹²

Dr. William Tholl
Canadian Medical Association

Representatives from other sectors of the economy also expressed the need for a national approach to deal with human resources planning.

No one level of government has the capacity to address Canada's skilled labour shortages. As well, little progress can be achieved with governments acting independently of one another and participating in an inchoate array of activities that have a life of their own, consume resources, and don't produce results on the ground. There is a need for a comprehensive and cohesive national strategy to address Canada's skills requirements, including national training standards.¹³

Mr. David Wassmansdorf
Canadian Home Builders' Association

We're beginning to appreciate the importance of pan-Canadian coordination efforts in order to avoid duplication. There already has been some duplication and we have no time to lose on this score. One very important component of the national strategy is identifying the role sector councils could play in the information sharing process. They could act as information centres for groups such as education networks, associations, colleges or universities.¹⁴

Mr. Paul Hébert
Mining Industry Human Resources Council

Although Canada does not have a fully developed pan-Canadian capacity for human resources planning, it is important to note that the federal government has been supporting this policy direction since the late 1980s through the creation of national sector councils. These sector councils are permanent national organizations that address a wide range of sector-specific human resources issues, including identifying and supplying skills required today and those anticipated in the future.¹⁵ We were told that sector councils are broadly represented by employers, employees, educators, government and other

12 Ibid., at 12:10 p.m.

13 Evidence, Meeting No. 28, October 26, 2006 at 2:50 p.m.

14 Evidence, Meeting No. 14, October 3, 2006 at 11:45 a.m.

15 Other activities include, for example, developing certification and training standards to facilitate skills upgrading and labour mobility, helping employers hire and retain immigrants and ensure efficient foreign credential recognition, and increasing labour force participation among Aboriginal people, persons with disabilities and women.

interested stakeholders. Currently, there are roughly 30 sector councils (excluding associate members and other partners and organizations), representing just under 50% of the labour market.¹⁶

Although educators are typically represented on sector councils, the Committee was told that there needs to be a stronger connection between the skills required by employers and those inherent in new labour force entrants leaving the educational and training system.

In both continuing education and in post-secondary institutions, there are challenges. Employers, the market, industry, need workers not only with technical skills but with interpersonal and business skills. Too many of our post-secondary schools still offer adequate or advanced technical training, but nowhere do they give business strategy, marketing, and general liberal arts mixed in with the technology. However, there is real demand for such rounded workers.¹⁷

Mr. Paul Swinwood
Software Human Resource Council Inc.

I think the other thing that is out there that is huge and that people really haven't come to appreciate is that there is a huge lack of credibility in the education system today. I've talked to a lot of human resources people across the country, and one of their common concerns is that people they hire or would like to hire just don't have the essential skills to do the job.¹⁸

Ms. Leslie Childs
Association of Workplace Educators of Nova Scotia

Although they have a central body nationally for apprenticeship, it is not getting to the detail of what's happening in the field and the needs of the industry. The industry has to get better at defining the needs to the education system, but the education system has to get together cohesively and decide how best to get the people trained, and where and how many.¹⁹

Mr. Ken McKinlay
Saskatchewan Home Builders' Association

Members of the Committee believe that sector councils are making a valuable contribution to human resources planning by building vital partnerships within industry to identify and supply our current and future skills needs. It is our view that this model should

16 Human Resources and Social Development Canada, *Performance Report, 2005-2006*, 2006, p. 55 http://www.tbs-sct.gc.ca/dpr-rmr/0506/HRSDC-RHDSC/hrsdcrhdsc-PR_e.asp?printable=True.

17 Evidence, Meeting No. 14, October 3, 2006 at 11:25 a.m.

18 Evidence, Meeting No. 21, October 24, 2006 at 11:15 a.m.

19 Evidence, Meeting No. 38, November 10, 2006 at 10:50 a.m.

continue to be developed and expanded in order to be better prepared for the human resources challenges that lie ahead.

Recommendation 1.1

The Committee recommends that federal and provincial/territorial governments contribute funding and work together with business, labour, educators and other key stakeholders to further the development of a national human resources planning capability by expanding the sector council model. As a first priority, efforts should focus on establishing a sector council on health care services.

Recommendation 1.2

The Committee recommends that the federal government support the establishment of stronger links between the skills needs identified by sector councils and those provided through the educational system to ensure that curricula reflects, and continues to develop in concert with, Canada's socio-economic needs.

B. Labour Market Information

In the absence of timely and adequate information on the demand for and supply of skills, the labour market is slow to adjust. Lengthy labour force adjustments are costly to both workers and the economy, and should be minimized to the greatest extent possible. The sooner workers identify the skills they need to become productive in the workplace, the sooner they can enroll in education and training (usually a lengthy process in itself). The sooner firms match their skills needs with workers possessing those skills, the lower will be the costs associated with this matching process.

During our hearings, a number of witnesses expressed the view that we need more and better labour market information, especially at the regional and local levels. Although Human Resources and Social Development Canada provides a great deal of information on current job openings and occupational skill requirements, some witnesses indicated that labour market participants need more detailed information on future demand for and supply of specific occupational skills in specific regions.

[T]here is a great need for more and better labour market information [LMI]. LMI is essential for students, parents, employers, and educators. Those making learning and labour market decisions to enhance their employability cannot do it in an information vacuum. Labour market information must be more accessible and organized in a user-friendly way. Understanding the evolving character of Canada's workforce is perhaps the real starting point for constructive decision-making, and given the very real regional

differences in our labour force, this challenge is all the more difficult. Clearly the federal government can play a vital role in the collection and sharing of labour market information.²⁰

Ms. Shirley Seward
Canadian Labour and Business Centre

Labour market information is a complex amalgam of a number of different statistics and polls that are done. It's a matter of getting these to be more sophisticated, and thus being able to get more granulated, more specific information for particular sectors of the economy in particular regions and even in particular cities in the country.²¹

Mr. Andrew Cardozo
The Alliance of Sector Councils

[M]eeting the skill needs of Nova Scotia's labour force means having a finger on the pulse of Nova Scotia's immediate, emerging, and future labour market needs. Timely and accurate labour market information underlies the development of responsive policies and programs and supports labour market decision-making.²²

Mr. Keith Messenger
Nova Scotia Department of Education

According to a recent report on the state of labour market information in Canada and four other OECD countries (Australia, Germany, the United Kingdom and the United States), the organization of labour market information in this country is not coordinated or easily accessible. In comparison with that of other OECD countries, the delivery of labour market information in Canada's education system is weak. Among other things, the report calls for strategies to broaden access to labour market information and better tailor this information to the needs of users, to develop more skills-based labour market information (including measures of shortages and surpluses), and to enhance the quality of labour market information.²³

At the federal level, Human Resources and Social Development Canada (HRSDC) is a main provider of labour market information. In 2005-2006, it spent \$27.2 million on the Labour Market Information program,²⁴ an activity that provides a range of labour market information products and services to, among others, job seekers, employers and people

20 Evidence, Meeting No. 9, June 20, 2006 at 9:15 a.m.

21 Evidence, Meeting No. 14, October 3, 2006 at 11:10 a.m.

22 Evidence, Meeting No. 22, October 24, 2006 at 1:25 p.m.

23 A. Sharpe and S. Quo, *The Role of Labour Market Information for Adjustments: International Comparisons*, Centre for the Study of Living Standards, December 2006, pp. 67 – 73 <http://www.csls.ca/reports/csls2006-03.pdf>.

24 Human Resources and Social Development Canada, *Performance Report*, 2006, p. 60 http://www.tbs-sct.gc.ca/dpr-rmr/0506/HRSDC-RHDSC/hrsdc-rhdsc-PR_e.asp?printable=True.

choosing a career. The Committee encourages HRSDC to continue to work with its labour market partners to provide more detailed and timely labour market information, especially in terms of helping employers plan for their training and recruiting needs. We believe that this type of information will grow in importance in the years ahead.

Recommendation 1.3

The Committee recommends that Human Resources and Social Development Canada improve the quality and timeliness of labour market information and provide more detailed skills-based demand and supply forecasts for regional and local labour markets.

ENHANCING LABOUR MOBILITY

Labour mobility, both occupational and geographical, is a critical component of an efficiently operating labour market. Impediments to employing skills in their most valued uses can impart significant effects on earnings, productivity and, in the aggregate, national output.

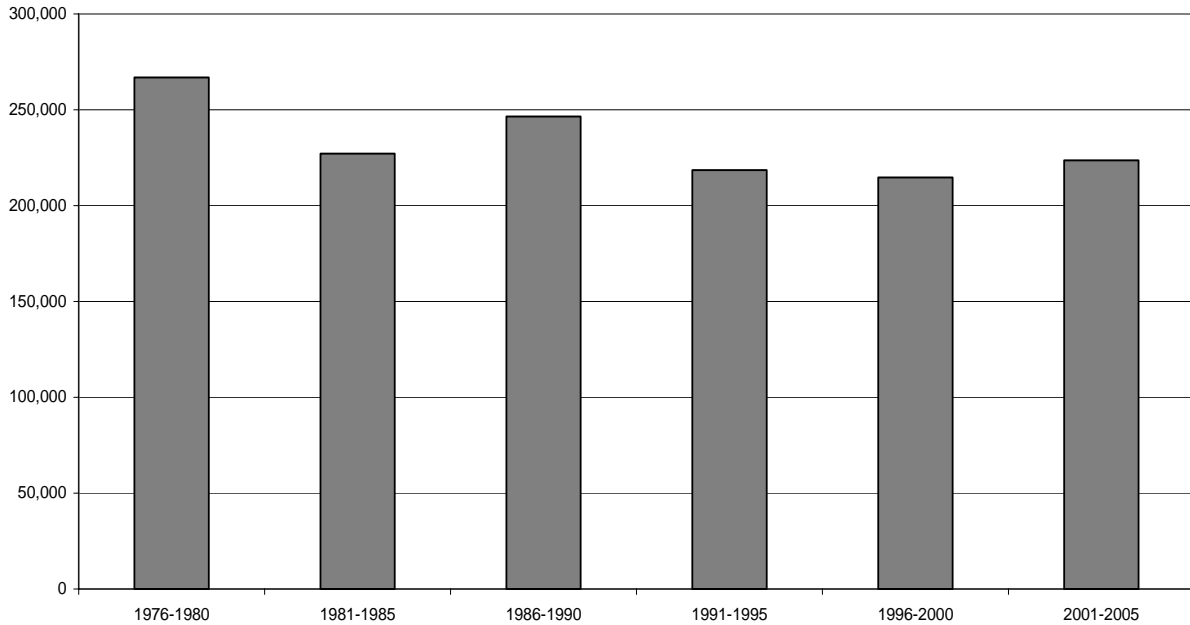
There are many barriers to occupational and geographical mobility. In some cases, the skills of unemployed workers are mismatched with those sought by employers. In other cases, workers possess the skills required by employers, but remain geographically separated from job openings due to personal, financial or institutional factors. Some workers, for family and other personal reasons, choose not to relocate. Moving entails expenses (e.g., housing and moving costs) that can also impede the decision to move. Portability of employment benefits, particularly in terms of pensions, may also impede decisions to move to another job. Credential recognition practices, discordant skill certification processes and requirements, and hiring restrictions also serve to inhibit the interprovincial/territorial movement of workers.

According to data published by Statistics Canada, interprovincial migration flows among individuals aged 15 to 64 have declined over the past 30 years. This trend is displayed in Chart 1.2, which shows a 16% decline in average annual interprovincial migration among individuals in this age group between the periods 1976-1980 and 2001-2005. This downward trend is somewhat surprising given that the labour force grew by some 65% between 1976 and 2005. Another finding, not captured in Chart 1.2, is that Alberta and British Columbia experienced a net inflow throughout most of this period, while net outflows were characteristic of Atlantic Canada and Quebec.

Although most witnesses supported measures that would increase worker mobility in Canada, not everyone shared this view. We were told that, as labour market imbalances intensify and become more commonplace throughout the country, increased labour mobility would exacerbate shortages in those regions experiencing out-migration. The negative impact of worker mobility was also raised in the context of workers in seasonal

employment; encouraging these workers to find non-seasonal jobs could present new staffing challenges for seasonal employers.

Chart 1.2 - Average Annual Interprovincial Migration Among Persons 15-64 Years of Age, Canada, 1976-1980 to 2001-2005



Source: Statistics Canada, CANSIM, Table 051-0012; and the Library of Parliament.

The experience we've had in our industry is that mobility has in fact had a negative impact on our industry. While there may be jobs in Alberta, the problem is that we're taking talented people from Quebec, from Ontario, from Nova Scotia and bringing them to Alberta, because there's a shortage of workers. That means those provinces then literally experience a drain and there are simply not enough workers to be able to train and replace the ones who have left. In fact, the problem we're having in the retail sector is that retailers are stealing employees from other retailers, from one part of the country to another. So the whole issue of mobility has a negative impact on the growth of our sector across Canada.²⁵

Ms. Diane Brisebois
Retail Council of Canada

Over the years, the federal government has been trying to address many of the impediments to labour mobility, but progress has been slow. This section of our report

25 Evidence, Meeting No.36, November 9, 2006 at 11:25 a.m.

discusses institutional measures and financial incentives to facilitate labour mobility within and across the regions of Canada.

A. Interprovincial Standards Red Seal Program

Although apprenticeship programs are administered and regulated by provincial and territorial governments, the federal government has, for many years, encouraged standardization of apprenticeship training and certification through the Interprovincial Standards Red Seal Program to facilitate labour mobility among tradespersons. Today, there are more than 300 apprenticeship programs across the country, of which 47 have a Red Seal designation.²⁶ Approximately 85% of all registered apprentices are working within these 47 designated Red Seal trades.²⁷

By successfully completing an Interprovincial Standards Examination, certified journeypersons are able to practise their trade in any province or territory, provided it is designated as a Red Seal trade, without having to write additional examinations. It should be noted that only about 40% of designated Red Seal trades are recognized in all provinces and territories. Of the Red Seal trades that are not designated in every jurisdiction, in most instances only two or three jurisdictions do not participate as there is no comparable apprenticeship program available.

The Red Seal program is a national program and is internationally recognized. It means that anybody who has a Red Seal certificate in a skilled trade can go anywhere in Canada and around the world. One would think we would be striving for this as a country. Instead, that's not happening, and because it is in provincial jurisdiction, there are fragmentations taking place. I think reinvesting in and reinvigorating the Red Seal Program would be extremely important.²⁸

Ms. Pam Frache
Ontario Federation of Labour

26 The Interprovincial Standards Red Seal Program http://www.red-seal.ca/Site/about/redseal_e.htm.

27 Canadian Council of Directors of Apprenticeship, Presentation to the CAF Conference, June 6, 2006, Montreal, Quebec <http://www.caf-fca.org/conf2k6/pres/TuesJune6/FutureDirection.pdf>.

28 Evidence, Meeting No. 30, October 27, 2006 at 11:40 a.m.

I'd like to see more support for the existing Red Seal. The federal government has the responsibility for overseeing how you achieve Red Seal status. Unfortunately, I find from province to province to province there isn't quite the same level of commitment from each province to getting people through and getting to their red seal and completing their apprenticeships.²⁹

**Mr. Pat Byrne, District Council 38
International Union of Painters and Allied Trades**

In 2005, 17,701 Red Seals were issued, compared with 10,912 in 1996.³⁰ Although members of the Committee are encouraged by the recent upward trend in the number of Red Seals issued, we are mindful of the growing need to encourage more Red Seal certifications and to facilitate greater mobility among those who work in non-Red Seal trades.

Recommendation 1.4

The Committee recommends that Human Resources and Social Development Canada continue to work with the Canadian Council of Directors of Apprenticeship to standardize apprenticeship training and certification programs across the country, to increase the number of Red Seal certifications and to extend Red Seal designations to trades that require compulsory certification.

B. The Agreement on Internal Trade

It is estimated that between 15% and 20% of workers in Canada are employed in a regulated occupation or trade. Although most regulated occupations are governed by self-regulating non-governmental bodies, trades, as indicated above, are regulated by provincial and territorial governments. Workers in these occupations are accredited and licensed by a vast number of delegated authorities, whose disparate practices constrain the movement of workers across the country.

There is a remarkable degree of private sector labour market mobility, but there are still many government-imposed roadblocks to labour market mobility in Canada. If you spend some time in this province, you'll see that employers are finding new and creative ways of filling their labour market needs. The oil sands in Alberta, for example, are pulling people in who continue to live in Atlantic Canada but come for the week to work in Alberta. There are planes from the interior of B.C. that are flying into Alberta to work for a

29 Evidence, Meeting No. 34, November 8, 2006 at 11:25 a.m.

30 Canadian Council of Directors of Apprenticeship, *2005 Annual Report*, Table 1, p. 12 http://www.red-seal.ca/Site/products/CCDA_Annual_Report_2005.pdf.

short period of time and then going home, so the private sector is finding ways of accommodating that. At the same time, recognition of credentials between provinces remains a massive problem for employers.³¹

Mr. Dan Kelly
Canadian Federation of Independent Business

In an effort to address this problem, the federal, provincial and territorial governments signed the *Agreement on Internal Trade* (AIT) in 1994. This agreement, which came into effect in July 1995, is intended to “eliminate barriers to trade, investment and mobility within Canada.”³² Chapter 7 of the AIT is intended “to enable any worker qualified for an occupation in one part of Canada to have access to employment opportunities within that occupation in any other province or territory.”³³ Pursuant to Chapter 7, regulating authorities are required to conduct a thorough analysis of their respective occupations to determine the extent to which occupational requirements, including licensing, certification or registration, are shared across jurisdictions. Where significant similarities in standards exist, organizations are supposed to recognize workers who meet these standards. In instances where standards are dissimilar, the additional training and/or certification required to attain the accepted standard must be identified. A Mutual Recognition Agreement (MRA) or similar formality is supposed to be used to document what constitutes an acceptable standard and what is required to reconcile differences between occupational standards. Mobility in trade-related occupations, as discussed above, is facilitated under the Red Seal Program.

Progress to fully implement Chapter 7 of this agreement on trade has been unduly slow. For many occupations, licensing requirements vary significantly between provinces. Regulators of many professions are still grappling with issues such as legislative change, scope of practice, educational requirements, and assessment mechanisms. The chamber recommends that Chapter 7 of the AIT be fully implemented.³⁴

Mr. Michael Murphy,
Canadian Chamber of Commerce

In 2004-2005, the Forum of Labour Market Ministers, the group responsible for implementing Chapter 7 of the AIT, sought to evaluate compliance under this part of the agreement by conducting a national survey. A total of 425 questionnaires were sent to regulatory bodies governing 50 occupations covered under the agreement, of which 92% responded. According to the results of this survey, regulators reported registering between

31 Evidence, Meeting No. 36, November 9, 2006 at 11:20 a.m.

32 *Agreement on Internal Trade* <http://strategis.ic.gc.ca/epic/internet/inait-aci.nsf/en/il00021e.html>.

33 In February 1999, federal and provincial/territorial governments, excluding Quebec, signed *A Framework to Improve the Social Union for Canadians* (SUFA). The SUFA committed signatory governments to ensure full compliance with Chapter 7 of the AIT by July 1, 2001.

34 Evidence, Meeting No. 9, June 20, 2006 at 9:40 a.m.

86% and 100% of applicants from other provinces in eight of the covered occupations. Regulators reported registering between 59% and 85% of the applicants in 23 occupations, while a registration rate of 50% or less was found for the remaining occupations. In total, only 65% of the 12,953 workers who applied for registration between October 1, 2003 and September 30, 2004 had their qualifications recognized under a MRA or some other mobility agreement, and were issued a document enabling them to practise in their occupation. An even smaller proportion of internationally trained workers whose qualifications were recognized in one jurisdiction had their qualifications recognized under an MRA or some other mobility agreement in another jurisdiction.³⁵ In short, the survey results showed that, while some barriers to labour mobility have been removed, further efforts are necessary to secure greater compliance.

Under the *Framework to Improve the Social Union of Canada*, signed in February 1999, all governments, save the Government of Quebec, agreed to be in full compliance with Chapter 7 of the AIT by July 1, 2001. Unfortunately, this commitment has not been realized, and the deadline for full compliance under Chapter 7 of the AIT has been further extended. On September 7, 2006, the Committee of Federal-Provincial-Territorial Ministers responsible for Internal Trade announced that the deadline for full compliance under Chapter 7 of the AIT was extended to April 1, 2009.³⁶

In March 2007, the federal government announced that it was committed to working with interested provinces and territories to examine how the recent Alberta-British Columbia Trade, Investment and Labour Mobility Agreement (TILMA) could be applied more broadly to build on Canada's economic union and promote labour mobility within the country. Although TILMA and other bilateral arrangements can be effective instruments for broadening interprovincial labour mobility, Canada's goal should be to achieve a pan-Canadian labour market that will allow individuals to move freely and work anywhere in Canada. The Committee was told that Canada should pursue the approach taken by the European Union (e.g., the Lisbon Convention on the Recognition of Qualifications

35 Forum of Labour Market Ministers, *Report of Survey Results: Inter-provincial Labour Mobility in Canada 2004-2005*, May 18, 2005, p. 2 of 13 http://www.ait-aci.ca/en/reports/01_10_2006/FLMM%20NATIONAL%20REPORT%20-%20APPROVED%20VERSION%20MAY%2018-2005.pdf.

36 Federal-Provincial/Territorial Conference of Ministers Responsible for Internal Trade, *Progress achieved on an action plan to improve internal trade*, Annual Meeting of the Federal-Provincial-Territorial Committee of Ministers on Internal Trade Halifax, Nova Scotia — September 7, 2006 http://www.scics.gc.ca/cinfo06/830877004_e.html.

concerning Higher Education in the European Region) to facilitate greater labour mobility. In reality, labour mobility between Member States in the European Union has been relatively low.³⁷

Recommendation 1.5

The Committee recommends that all signatories to Chapter 7 of the *Agreement on Internal Trade (AIT)* continue to work toward full compliance, particularly in terms of workers with foreign training who are fully licensed in one jurisdiction, and that the Forum of Labour Market Ministers continue to examine avenues for improving the AIT's mobility provisions as well as beginning discussions to expand the number of occupations covered under Chapter 7 and ensure the protection of technical and professional occupational standards.

C. Tax Incentives

Some mobility assistance is provided through the *Income Tax Act*. According to section 62 of this Act, taxpayers who move to start a business or a job (or to attend school full-time) are entitled to claim eligible moving expenses. To be eligible, the move must involve a relocation of at least 40 kilometres closer to the new work or business site. In addition, the new residence must be the place at which the taxpayer normally resides. Obviously, the costs incurred when a worker moves temporarily do not qualify for this tax treatment. As a result, some consider the absence of tax assistance supporting temporary relocations to constitute a barrier to mobility.

37 All citizens of member countries within the European Union (EU) have the right to work and live in another member state (Treaty of Rome, 1957). However, despite this right and agreements such as the Convention on the Recognition of Qualifications concerning Higher Education in the European Region, the High Level Task Force on Skills and Mobility found that over the decade ending in 2001 only 4.4% of EU citizens moved to another member state, a percentage that is thought to be much lower than that found in the 1950s and 1960s. Although language, legal and administrative barriers were identified as contributing factors, the Task Force cited the need for greater simplicity, transparency and flexibility in the recognition of qualifications to facilitate individuals' decisions to move. Deficiencies in the delivery and quality of labour market information were also cited as a contributing factor. See: http://ec.europa.eu/employment_social/news/2001/dec/taskforce2001_en.pdf. According to more recent data, differences in tax systems and the lack of integrated employment legislation across the EU also impede labour mobility. In addition, the non-recognition of professional qualifications was reported by companies as a bigger barrier to labour mobility in 2006 than in 2001. See: PricewaterhouseCoopers, *Managing Mobility Matters 2006*, p. 36 - [http://www.pwc.com/Extweb/pwcpublishations.nsf/docid/5CF66D8DAC8C7640852572350083A659/\\$file/managing-mobility-matters-2006.pdf](http://www.pwc.com/Extweb/pwcpublishations.nsf/docid/5CF66D8DAC8C7640852572350083A659/$file/managing-mobility-matters-2006.pdf).

The tax system provides support if people move, but I don't think it will work in the case you're describing. You won't benefit if you're not changing your primary residence [...] The answer to your question is yes, moving costs are an important factor. I believe there was a question last time: if people are going to move temporarily and if they cannot benefit from this tax measure, will that inhibit mobility? I believe the answer is yes [...]³⁸

Mrs. Barbara Glover
Department of Human Resources and Social Development

The Construction Sector Council found that “Canadian mobile workers feel unfairly treated by the tax system. Many estimated that upwards of \$10,000 and \$20,000 per annum costs were required from their after-tax income to pay for travel expenses to and from their mobile projects and for a second residence.”³⁹ As labour market imbalances intensify in the years to come, some employers may become more reliant on a temporary or mobile workforce. The labour demands associated with large scale projects, projects in remote areas of the country or projects that extend or complement longer periods of seasonal employment, discussed later in our report, may require a more mobile workforce. In this event, the tax system should encourage, not discourage, workers to accept employment involving a temporary relocation.

Recommendation 1.6

The Committee recommends that the federal government examine the moving expenses provision of the *Income Tax Act* with a view to extending this provision to individuals who must leave their principal residence to work on a temporary basis, provided their principal residence is retained.

D. Mobility Assistance and Employment Insurance

The Committee received contradictory evidence regarding the impact of Employment Insurance (EI) on labour mobility in Canada. Some witnesses observed that the program's regionally differentiated qualification and benefit structures discourage strong labour force attachments and labour mobility. In this context, for example, we were informed about a study comparing workers in New Brunswick and Northern Maine, which concluded that the 1971 reforms to unemployment insurance contributed to the observed gap between the proportion of workers in New Brunswick who work a relatively small

38 Evidence, Meeting No. 6, June 8, 2006 at 10:20 a.m.

39 Construction Sector Council, *Working Mobile: A Study of Labour Mobility in Canada's Industrial Construction Sector*, Spring 2005, p. 15 http://www.csc-ca.org/pdf/WorkingMobile_Report_E.pdf.

number of weeks per year compared to their counterparts in Maine, who presumably are exposed to the same seasonal employment.⁴⁰

The Committee was also told that labour mobility decisions are complex. EI is undoubtedly one of the many factors influencing mobility decisions, but it does not appear to play a major role. According to the *Employment Insurance Monitoring and Assessment Report 2005*, EI “does not appear to be an important factor in labour mobility decisions.”⁴¹

Irrespective of the uncertainty regarding EI’s impact on labour mobility, some witnesses suggested that this program should be used as a means of encouraging unemployed individuals to move to find employment, a program feature that once existed under Unemployment Insurance Developmental Uses, although it was used in a very limited context. According to information provided to the Committee by Human Resources and Social Development Canada, federal mobility support for travel and relocation costs was available under a variety of labour market initiatives throughout the period 1965-1995. Mobility assistance was terminated in 1996 with the implementation of the *Employment Insurance Act*.

There is considerable cost involved in moving temporarily to a new location to seek employment. There are the costs of travel and accommodation, as well as general living costs just to go and look for work in a new location. There are also the other costs of maintaining a second home, as most workers will not want to disrupt family situations to move to temporary employment. We believe these costs could be reduced by assisting unemployed workers to relocate to new employment. This could be accomplished through the reintroduction of the exploratory component of the federal government worker mobility program that was in place in the mid-1970s. Under this program, an exploratory grant was available to workers to help them defray the travel and accommodation costs incurred in seeking employment in another location of the country.⁴²

Mr. Alfonso Argento
Canadian Construction Association

Although members of the Committee recognize that past initiatives to support the relocation decisions of unemployed individuals may have had limited success, a better program can be developed. Since many workers are not covered under EI, a majority of Committee members believe that mobility assistance should be funded outside of the EI Account. With the prospect of skills shortages intensifying in the future, we must pursue

40 P. Kuhn and C. Riddell, *The Long-term Effects of Unemployment Insurance in New Brunswick and Maine, 1940-1991*, National Bureau of Economic Research, August 2007
<http://www.econ.ucsb.edu/~pjkuhn/Research%20Papers/NBMaine.pdf>.

41 Canada Employment Insurance Commission, *Employment Insurance Monitoring and Assessment Report 2005*, Human Resources and Social Development Canada, March 31, 2006, p. 57
http://www.hrsdc.gc.ca/en/ei/reports/eimar_2005.pdf.

42 Evidence, Meeting No. 24, October 25, 2006 at 10:25 a.m.

policies that facilitate rapid labour market adjustments and, where appropriate, facilitate the mobility of unemployed workers who have limited job opportunities and need financial assistance to move to locations where employers are experiencing difficulties hiring workers.

Recommendation 1.7

The Committee recommends that the federal government provide funding to assist individuals who agree to relocate to enter employment in occupations experiencing skills shortages.

DEVELOPING A PAN-CANADIAN FRAMEWORK FOR ASSESSING AND RECOGNIZING LEARNING AND CREDENTIALS

Because provincial and territorial governments are primarily responsible for matters dealing with education, training and occupational accreditation and licensing, there is no national system for the assessment of learning and employment credentials in this country. Instead, as partly illustrated in the previous section of our report, our multi-jurisdictional system has been slow to recognize the occupational credentials of a relatively small proportion of the national workforce. Given the problems that continue to exist with respect to credential recognition practices in regulated occupations, we fear that the shortcomings associated with credential recognition practices in non-regulated occupations may be even more pronounced.

Despite efforts to improve learning and credential recognition across the country, the absence of a national system for assessing these human capital characteristics contributes significantly to labour market inefficiency. The costs associated with this institutional shortcoming are significant, particularly in terms of Canada's under-utilization of workers' skills acquired beyond our borders. According to the Conference Board of Canada, Canada is forgoing significant economic benefits as a consequence of this learning recognition gap, which includes insufficient recognition of experiential or prior learning. In 2001, there were an estimated 550,000 unrecognized learners in Canada. Of these, 13% had unrecognized Canadian credentials, 24% had unrecognized experiential learning and 63% had unrecognized foreign credentials.⁴³ The Conference Board of Canada estimates that the potential economic benefits (i.e., reduced unemployment and underemployment) of recognizing this learning would amount to between \$4 and \$6 billion annually.⁴⁴ This estimate may be conservative; the Standing Committee on Citizenship and Immigration was told during its 2005 study on Canada's foreign credential recognition

43 M. Bloom and M. Grant, *Brain Gain: The Economic Benefits of Recognizing Learning and Learning Credentials in Canada*, Conference Board of Canada, 2001, Table 10, p. 19.

44 *Ibid.*, p. 29.

problem that the cost of unrecognized foreign credentials may be as high as \$15 billion.⁴⁵ Whatever the costs, suffice it to say they are non-trivial. It is in our best interest to eliminate this serious learning recognition gap as quickly as possible.

Credential recognition in regulated occupations in Canada involves more than 400 occupational regulatory bodies (i.e., regulatory bodies with delegated authority, professional associations, trade unions, industrial associations, and education and training institutions), representing millions of workers in more than 50 occupations. With respect to trades, as previously noted, provincial and territorial governments regulate more than 300 apprenticeship programs across the country, of which slightly more than one-quarter are subject to some form of compulsory certification.⁴⁶ In non-regulated occupations, which represent by far the vast majority of Canada's workers, it would appear that the authority for credential recognition rests with employers.

A. Recognizing Foreign Credentials

As discussed in more detail in the last chapter of our report, when individuals apply to immigrate to Canada as skilled workers they are assessed according to a number of factors, including years of education and training. These characteristics are meant to predict how well skilled workers will adapt to the Canadian labour market. The biggest drawback to this approach, however, is that the Canadian labour market values the human capital characteristics of skilled workers differently than our immigration selection system. This disconnect is evidenced, in part, by the initial findings of the first wave of Statistics Canada's *Longitudinal Survey of Immigrants to Canada*. Of the 164,200 immigrants who landed in Canada between October 2000 and September 2001, it is estimated that 124,700 (76%) had some sort of foreign credentials (i.e., any formal education higher than a high school diploma acquired outside of Canada). Of those with credentials, 32,300 (26%) had at least one of their credentials verified by an employer, educational institution or assessment agency within six months of landing. Of these, 17,400 (54%) reported having at least one accreditation agency fully accept their credentials, while another 7,106 (22%) had an agency accept at least one of their credentials.⁴⁷ In other words, less than one-fifth of immigrants who landed in Canada between October 2000 and September 2001 who had some sort of foreign credentials had those credentials fully or partly accepted by an accreditation agency within six months of landing. As indicated above, the absence of a

45 House of Commons, Standing Committee on Citizenship and Immigration, *Evidence*, 1st Session, 38th Parliament, Meeting No. 20, February 15, 2005 at 11:25 a.m.

46 See: Forum of Labour Market Ministers, *Report on Implementation of the Labour Mobility Chapter of the Agreement on Internal Trade*, July 1, 2001 <http://www.hrsdc.gc.ca/en/cs/sp/hrsdclmp/mobility/2001-000049/2001-000049.pdf> and The Interprovincial Standards Red Seal Program, *Red Seal Program* http://www.red-seal.ca/Site/about/redseal_e.htm.

47 Statistics Canada, *Longitudinal Survey of Immigrants to Canada: Process, progress and prospects*, October 2003, p. 35 <http://www.statcan.ca/english/freepub/89-611-XIE/89-611-XIE2003001.pdf>.

national process for quickly assessing and recognizing foreign credentials is costly to immigrants and the country as a whole.

Notwithstanding the institutional complexities associated with credential recognition in Canada generally, the number of authorities involved in foreign credential recognition (FCR) is staggering: 13 provincial and territorial governments, 55 ministries, 400 regulatory bodies, 240 post-secondary institutions, 250 service agencies dedicated to immigrant integration, hundreds of thousand of employers and five assessment agencies.⁴⁸ In terms of the latter, Alberta, British Columbia, Manitoba, Ontario and Quebec have provincially mandated credential assessment agencies. Saskatchewan has an agreement with Alberta to use its credential assessment service. After the ratification, in 1990, of the UNESCO Convention on the Recognition of Studies, Diplomas and Degrees concerning Higher Education in the States belonging to the Europe Region, the Council of Ministers of Education Canada established the Canadian Information Centre for International Credentials (CICIC). The CICIC provides information on Canadian post-secondary studies, diplomas and degrees, but does not assess credentials or grant equivalencies.⁴⁹

Despite the federal government's limited role in FCR, several witnesses commented on the need to establish national standards and to find ways to fast-track the process. Several witnesses also expressed the need to ensure that all potential immigrants are fully apprised of Canada's credential assessment and licensing practices, and to encourage them to have their credentials assessed before departing for Canada.

[T]he second recommendation [...] is to facilitate the setting of national skill and occupational standards, which will assist with integration and help coordinate the needs of employers, as well as the development of a national qualification framework, including Canadian credentialing and certification systems, which will assist with foreign credential recognition.⁵⁰

Ms. Colette Rivet
Biotechnology Human Resource Council

While we all agree that it is important to maintain high Canadian occupational standards, it was suggested that the standards applied to individuals with foreign credentials are sometimes more rigorous than those applied to Canadian-born workers. Some witnesses expressed concern that the credential recognition processes for some occupations may be intentionally restrictive. In order to practise in Canada, some workers

48 Sharon Fernandez, *Who Does What in Foreign Credential Recognition: An overview of credentialing programs and services in Canada*, prepared for the Alliance of Sector Councils and National Visible Minority Council on Labour Force Development, August 2006, page 4 of 51.

49 See: Canadian Information Centre for International Credentials, *Assessment and recognition of credentials for the purpose of employment in Canada*, Fact Sheet No. 2 <http://www.cicic.ca/en/page.aspx?sortcode=2.17.20>.

50 Evidence, Meeting No. 15, October 5, 2006 at 11:20 a.m.

are essentially required to return to school and obtain the Canadian equivalent of a qualification already acquired beyond our borders. As well, concern was expressed about restrictive Canadian licensing practices. A similar concern was identified by the Canadian Labour and Business Centre, which consulted employers on the issue of FCR on behalf of Citizenship and Immigration Canada and Human Resources and Social Development Canada. Some employers interviewed expressed a strong belief that licensing processes were too restrictive in several professions within health care and engineering.⁵¹

I have shared my opinions with most of the Canadians here, even the licensed pharmacies, and they have told me that even they would not be able to pass the equivalency exam. That's what I've heard from them. It's a requirement, so I have to go through it.⁵²

**Ms. Florence Javier
As an Individual**

Some of the professional associations, the medical associations, act as gatekeepers. The accountants have been better [...] some of them have really good programs to recognize prior credentials [...] We bring in people and ask them what their professions are and then they can't work. It's not only the professional associations, it's the whole system of before you choose to come to Canada, en route to Canada, what happens to you when you get to Canada, and then who we choose to recognize and who we don't. We choose to recognize certain professions. Tradespeople who come in also can't work.⁵³

**Ms. Karen Lior, Toronto Training Board,
Ontario Institute for Studies in Education, University of Toronto**

Members of the Committee invite all licensing bodies to review their education and training requirements, along with licensing practices that are designed to reflect Canadian equivalencies.

Over the years, the federal government has tried to facilitate and encourage the development of institutional arrangements that broaden the acceptance of skills and learning across the country. In view of the growing threat of skills shortages, the focus has shifted recently on addressing what most of us believe is the biggest failing of our credential recognition system: the non-recognition of foreign credentials. As a top priority, the federal government is working with provincial governments and other stakeholders to improve recognition procedures for internationally trained doctors, nurses and other health care workers, as well as internationally trained engineers. The Committee was told that in the past two years, three projects were launched with the help of the Medical Council of

51 D. Sangster, *Assessing and Recognizing Foreign Credentials in Canada — Employers' Views*, Canadian Labour and Business Centre, January 2001, p. 10 http://www.clbc.ca/files/Reports/credentialspaper_e.pdf.

52 Evidence, Meeting No. 21, October 24, 2006 at 10:55 a.m.

53 Evidence, Meeting No. 26, October 26, 2006 at 11:15 a.m.

Canada. One project allows foreign doctors to conduct an online assessment of their credentials before arriving in Canada. Another initiative offers foreign-trained physicians an opportunity to write an evaluation exam outside of Canada, previously this was offered once a year in Toronto. The third project involves the creation of a national credential verification agency, which allows foreign-trained doctors to send only one set of documents to verify the legitimacy of their credentials and work experience.⁵⁴

Budget 2006 set aside \$18 million over two years to facilitate a consultation process with the provinces, territories and other stakeholders, and to take the first steps toward establishing a Canadian agency for the assessment and recognition of credentials. We encourage the federal government to continue discussions with the provinces and territories to quickly establish mechanisms to effectively address this longstanding and costly problem. Although we applaud the announcement in Budget 2007 of the intention to establish a Foreign Credential Referral Office in Citizenship and Immigration Canada, this important measure is not a substitute for a pan-Canadian approach to the assessment and recognition of credentials.

[I] want to use this opportunity to say that the fact that you've set up a coordinating agency to look at equivalencies is a great step in the right direction. One of the incredible pitfalls in foreign credential recognition is the fact that there are so many different agencies and such unevenness about the standards of those recognitions, so just that coordination role is a fantastic first step that this government has taken.⁵⁵

Ms. Shyla Dutt
Pacific Foundation for Diversity

This [proposed] agency should become one of Immigration Canada's partners, and recognition for foreign credentials and experience could be a pre-condition for immigrating in the skilled worker category. That would enable Immigration Canada to select candidates whose qualifications will be recognized quickly upon their arrival in Canada. In addition, it would help potential immigrants make an informed decision in choosing to come to the country.⁵⁶

Mr. Renaud Arnaud
Groupe de réflexion et d'initiative des immigrants diplômés à l'étranger

54 Evidence, Meeting No. 4, June 1, 2006 at 10:25 a.m.

55 Evidence, Meeting No. 33, November 8, 2006 at 9:30 a.m.

56 Evidence, Meeting No.13, September 28, 2006 at 11:20 a.m.

B. Prior Learning Assessment and Recognition

Although there has been some progress in recognizing educational credits obtained in universities and colleges across the country,⁵⁷ many individuals face significant hurdles in obtaining recognition for learning that is acquired informally and outside the educational system. All workers acquire skills and knowledge in the workplace that are not easily identified and formally credentialed. This learning has value, but there is no widely developed system for assessing and recognizing it. Several witnesses spoke of the need to develop a Prior Learning Assessment and Recognition (PLAR) process. We were told that without a widely recognized process for identifying, documenting and evaluating informal learning, human capital will be wasted. Without PLAR, some individuals may decide to forgo opportunities to participate in formal learning and skills upgrading.

Prior learning assessment services will enhance employability for the individual for the paid and unpaid labour force, and for Canada as a whole. Without it, we will be wasting our most valuable natural resources: the skills and knowledge of our citizens.⁵⁸

Ms. Bonnie Kennedy
Canadian Association for Prior Learning

According to an analysis of eight years of data involving more than 7,200 PLAR learners across the country, the most common benefit of PLAR is the value it gives to adults' prior learning by: strengthening learners' confidence in pursuing further education; reducing course loads and costs; and shortening the completion time for educational programs. As a consequence of these benefits, PLAR is an important factor in learners' decisions to return to school and graduate.⁵⁹

According to the findings of the 2004 Canadian Survey on Work and Lifelong Learning, "more than half of all Canadian adults and over 60% of those employed would be more interested in enrolling in further education if their prior informal learning and work

57 On October 9, 2002, the Council of Ministers of Education released *Ministerial Statement on Credit Transfer in Canada*. To facilitate student mobility between institutions of higher learning, colleges and universities are encouraged to establish inter-institutional agreements to ensure that learners receive credit for the learning that has already been achieved. Transfer agreements will vary between provinces and territories, as it is anticipated that public colleges and universities, and private post-secondary institutions will utilize a variety of ways to recognize previous academic achievement.
<http://www.cmec.ca/publications/winnipegstatement.en.asp>.

58 Evidence, Meeting No. 25, October 26, 2006 at 8:35 a.m.

59 S. Arts, D. Blower, R. Burke, E. Conlin, B. Howell, C. Ebner Howorth, G. Lamarre, and J. Van Kleef, *A Slice of the Iceberg: Cross-Canada Study of Prior Learning Assessment and Recognition*, November 1999, p. ix <http://www.capla.ca/iceberg.php>; and S. Arts et. al., *Feedback from Learners: A Second Cross-Canada Study of Prior Learning Assessment and Recognition*, April 2003, pp. xii - xiii http://www.recognitionforlearning.ca/resources/CCstudy_II.php.

experiences were recognized.”⁶⁰ Given the benefits of PLAR and the growing importance of developing a continuous learning system to help individuals acquire the skills needed in the Canadian labour market, PLAR must continue to be developed and promoted nationally.

Recognition of prior learning is the key to the successful transition of any student as he builds a lifelong learning plan. Right now the ability to have prior learning and skills training recognized at another school is at the discretion of the receiving institution. While some private career colleges have established articulation agreements with other public and private institutions, there remains a significant gap. In too many cases the decision on credit recognition and transfer is not made on the basis of demonstrated learning outcomes; instead it is based solely on whether the training was received at a public or private institution, with little or no attention being paid to the quality of that training. NACC supports the use of demonstrated learning outcomes and established national standards as the basis upon which credit transfer is granted.⁶¹

Mr. James Loder
National Association of Career Colleges

With respect to prior learning assessment and the utility of turning it over to professional associations that may be provincially based, we may be impairing the mobility of people to move across the provinces. Again, we've seen this issue significantly because most of these professional credentials are held on a provincial basis. If those standards, credits, or prior learning assessments with respect to how an individual worker is assessed are not consistent across the country, we end up impairing their mobility across provinces.⁶²

Ms. Sharon Manson Singer
Canadian Policy Research Networks

We believe that access to effective learning recognition processes will become increasingly important for employers in the years to come as they become more reliant on experienced Canadian- and foreign-born workers. Learning is not without cost, and there is nothing to be gained from reinvesting in previously acquired, but unrecognized learning. Although we all seem to agree that it is important to improve learning recognition in this country, progress has been too slow.

Recommendation 1.8

The Committee recommends that skilled workers — as defined in Part 6, Division 1 of the *Immigration and Refugee Protection Regulations*—applying to immigrate to Canada, especially those

60 D.W. Livingstone, M. Raykov and C. Turner, *Canadian Adults' Interest in Prior Learning Assessment and Recognition (PLAR): A 2004 National Survey*, The Research Network on The Changing Nature of Work and Lifelong Learning, Centre for the Study of Education and Work, Toronto, 2005, p. 1.

61 Evidence, Meeting No. 18, October 23, 2006 at 8:35 a.m.

62 Evidence, Meeting No. 9, June 20, 2006 at 9:55 a.m.

whose designated occupation is regulated, be fully informed by Immigration Officers and other stakeholders abroad as to the education, training and licensing requirements to practise in the province or territory in which they intend to reside. Applicants should be fully informed of credentials assessment services in Canada and should be strongly encouraged to have their credentials assessed by an approved agency prior to immigrating to Canada.

Recommendation 1.9

The Committee recommends that the federal government continue to pursue, in cooperation with provincial and territorial governments and other stakeholders, a national agency for the assessment and recognition of credentials, especially foreign credentials. The Committee proposes that this agency adopt a broad mandate to: (1) promote national standards for the certification and licensing of workers; (2) develop and provide avenues for the assessment of credentials and the licensing of internationally trained individuals who immigrate to Canada; (3) ensure that equivalency exams are fair and accurately reflect the knowledge requirements expected of individuals educated in Canada; (4) promote international awareness about our education and certification requirements for various occupations; and (5) promote the development and adoption of a system for recognizing prior learning and work experience to facilitate access to the formal education system.

CHAPTER 2 — INVESTMENTS IN LEARNING

It is generally recognized that investments in human capital are essential to improving productivity, competitiveness and the overall welfare of Canadians. The members of the Committee, along with many others, believe that these investments will become increasingly important as Canada's labour force ages and employers become more reliant on the skills embodied in workers already in the workplace. The faster workers can acquire skills in demand, the faster they will be able to enter more productive employment and thereby contribute to increased output.

Clearly productivity is related to a number of factors. The key ones are the quality of your workforce: the human resources skills they possess, the education they have, the amount of capital they have to work with — and that seems to be the main reason Canada is levelling off. Worker productivity per se didn't fall; workers had less capital to work with in this country, relative to the U.S. [...] Because investment is picking up in this country, you're starting to see productivity pick up in 2005 [...]⁶³

Mr. Philip Cross
Statistics Canada

We conducted a survey that determined that last year there were 3,500 long-term vacant positions [more than four months] in this province [...] So with the highest unemployment rate in the country [...] [i]t's fair to say the shortage of qualified labour is a significant issue for small-business owners in this province. What's deeply disturbing is how small and medium-sized business owners are trying to solve these hiring difficulties. 59% of our members tell us they are hiring underqualified people, and 39% are passing responsibilities on to other employees. It doesn't do much for productivity in our workplaces when this is what they have to do. 38% are ignoring new business opportunities.⁶⁴

Mr. Bradley George, Newfoundland and Labrador
Canadian Federation of Independent Business

The Committee was told that, within the next decade, roughly 70% of new and replacement jobs will demand post-secondary credentials, whereas only 45% of Canadians currently possess this level of education. To ensure that Canada has the quantity and quality of human capital required to compete and prosper in the years to come, several witnesses called for a pan-Canadian framework or strategy for achieving this goal. As indicated in the introduction of our report, we believe that the required strategy entails more than a pan-Canadian education strategy, even though education and training are indispensable components of a comprehensive employability strategy.

63 Evidence, Meeting No. 7, June 13, 2006 at 10:00 a.m.

64 Evidence, Meeting No. 18, October 23, 2006 at 8:10 a.m. and 8:15 a.m.

The needs of adult learners for more flexible, affordable, and responsive methods of accessing PSE are not adequately met. Access to and benefits of PSE are unequally distributed among Canadians. This jurisdictional context of education in Canada I don't think is or should be a barrier to planning, goal setting, and progress. Indeed, individual provinces are far more likely to achieve their objectives with a pan-Canadian framework than without. Why is that so? Because workers, capital, students, professionals, and even institutions are now mobile. So issues of quality, access, transfer of credits, recognition of prior learning, health care, human resource planning, research, development, innovation, to name but a few, are all areas that cannot be adequately addressed in a fragmented manner. They require a plan. We think if Canada is serious about stimulating economic growth, ensuring that our citizens have access to rewarding employment opportunities, increasing Canada's international competitiveness, and supporting strong communities, we must develop appropriate tools for this task. Currently Canada lacks mechanisms to ensure coherence, coordination, and comparability for PSE. These are issues being addressed in most other developed countries.⁶⁵

Dr. Paul Cappon
Canadian Council on Learning

We believe that to accommodate rapid skill acquisition and labour market adjustments more meaningful progress must be made to develop continuous learning in workplaces and educational institutions across the country. To ensure that this happens, students, workers, employers and governments must continue to invest in higher education and training. Furthermore, federal, provincial and territorial governments must continue to work together to ensure that Canada's education and training systems are coordinated and effective in delivering the skills needed in the Canadian workplace.

WORKPLACE TRAINING

Workplace skills training can be provided formally or informally. In the case of formal training, learning is structured, takes place in a classroom or on the job, may or may not be financed by employers, and is usually assessed or evaluated once the training ends. In informal training, learning is often incidental; skills, usually specific to the firm in which the worker is employed, are acquired in an unstructured fashion, usually on the job. According to a recent report on workplace learning, workers learn about 70% of what they know about their jobs informally.⁶⁶

The Committee was told that employers in Canada do not provide enough training. Several witnesses mentioned that employers' investments in workplace training in this country are relatively lower than many of our competitors. We note, however, that

65 Evidence, Meeting No. 62, March 20, 2007 at 4:10 p.m.

66 R. Owen Parker and J. Cooney, *Learning and Development Outlook 2005: Moving Beyond the Plateau — Time to Leverage Learning Investment*, Conference Board of Canada, 2005, Chapter 1, p.1.

international comparisons of employer-sponsored training typically exclude the cost of informal learning, as these investments are difficult to measure.

We have a whole lack of a culture of training in Canada. In OECD surveys that come out, we're usually somewhere between 23 and 26 among developed countries in what we invest in training our workers. Many employers have a perception that their workers are supposed to arrive completely trained and ready to do the job. Who's supposed to supply that training remains a question. So that's another shift we need to make.⁶⁷

**Ms. Karen Lior, Toronto Training Board,
Ontario Institute for Studies in Education, University of Toronto**

According to the results of the *2003 Adult Education and Training Survey*, between 1997 and 2002 the proportion of employed individuals aged 25 to 64 participating in formal job-related training (courses or programs related to a worker's current or future job) increased from 28.5% to 34.7%.⁶⁸ Despite the upward trend in formal job-related training, the increase in similarly aged workers in employer-sponsored training was considerably more modest, rising from 22.4% in 1997 to 25% in 2002.⁶⁹ In other words, the proportion of workers aged 25 to 64 who participated in formal job-related training and whose training was supported by their employer declined during this period. Although the overall participation rate in formal job-related training increased between 1997 and 2002, the average amount of time spent in training declined from 156 hours in 1997 to 150 hours in 2002.⁷⁰

In 2002, the incidence of formal job-related training was higher among younger workers (41.5% among 25-34 year olds) than older ones (22.9% among 55-64 year olds). The highest proportion (51.7%) of workers participating in job-related training had completed university, while the lowest proportion (17.9%) had completed high school or a lower level of education. In 2002, the highest regional participation rates in formal job-related training were found in British Columbia (38.8%), Manitoba (38.6%) and Nova Scotia (38.1%), although it should be noted that Quebec and New Brunswick experienced the largest increases in the incidence of formal job-related training between 1997 and 2002.⁷¹

67 Evidence, Meeting No. 26, October 26, 2006 at 11:05 a.m.

68 The population surveyed included individuals aged 25 and over in all ten provinces. It did not cover those residing in the territories, residents of Indian reserves, full-time members of the armed forces or inmates of institutions such as hospitals and prisons. See: V. Peters, *Working and training: First results of the 2003 Adult Education and Training Survey*, Statistics Canada, April 2004, Table a.1, p. 28 <http://www.statcan.ca/english/research/81-595-MIE/81-595-MIE2004015.pdf>.

69 Ibid., Table A.4, p. 30.

70 Ibid., Table A.2a, p. 29.

71 Ibid., Table A.1, p. 28.

With respect to unmet training needs, 28% of working adults aged 25 to 64 years reported that they wanted or needed training that they did not receive in 2002. Somewhat surprisingly, a higher proportion (36%) of working adults who had participated in job-related training reported that they had unmet training needs, as compared with 23% of those who did not participate in training.⁷² Inadequate financial resources and a lack of time were cited most often as reasons for workers' unmet training needs.

From an employer's perspective, the Committee was told that employer-sponsored training costs are too high. Assuming that employers are unable to pass the costs of general training on to workers, we concur with this view. The reason for this is that employees who receive this type of training can sell their newly acquired skills to other employers once their training is completed (sometimes referred to as "poaching"); in doing so, they remove any benefit to the employers who incurred the training costs. The challenge is to find ways to minimize employers' general training costs.

Witnesses proposed several tax measures to stimulate workplace training. For example, some proposed a payroll training tax similar to that adopted in Quebec, which requires employers to remit some portion of their payroll costs if they cannot validate that a similar expenditure was incurred on workers' training.⁷³ Aside from the economic issues related to such a measure, we suspect that there are constitutional issues associated with a federal payroll training tax levied on employers outside the purview of EI. Nevertheless, a majority of Committee members believe that the federal government should further examine this policy option.

Some witnesses also suggested that a general reduction in business taxes would make more funds available to employers to train workers, but without specific conditions we are unsure that this approach would achieve the stated policy objective. It was also suggested that tax credits be used to bolster workplace learning, although some felt that this approach was most beneficial to larger companies. Despite this caveat, the federal government's recent tax credit for apprenticeship training was widely supported. A reduction in employers' EI contributions was also suggested as a way to stimulate workplace training, especially among older workers, a measure that has been used in the past to promote youth employment (i.e., the New Hires Program).

72 Ibid., p. 19.

73 In Quebec, employers with payrolls exceeding one million dollars are required to invest 1% of their payroll in training programs for their employees.

Quebec has a very successful payroll tax; if employers do not invest in their workers, then they're taxed, and that money is being used to invest in workers. We call upon you to look at that as a way of strengthening our involvement in meeting the needs of those workers.⁷⁴

Mr. Leo Cheverie
PEI, Canadian Union of Public Employees

[W]e've been working closely with the B.C. government on a training tax credit. They dedicated \$90 million over a three-year period to employee training. This is a very difficult thing for small business. Training tax credits, generally speaking, are only accessible by large firms because they have the resources to apply for the credit and track the training that is associated with it, and our members, generally speaking, train informally, which doesn't often get recognized by government agencies. That is a major challenge when we are designing solutions to this problem, but we are working with the B.C. government on that issue. We'd be pleased, of course, to work with the federal government, perhaps using the EI program as a step to try to address the skill shortages facing our members.⁷⁵

Mr. Dan Kelly, Western Canada
Canadian Federation of Independent Business

Much of the testimony we received pertaining to workplace training focused on apprenticeship training and workplace literacy training, both of which are afforded separate discussions below.

A. Apprenticeship Training

As previously mentioned, more than 300 apprenticeship training programs are administered and regulated under provincial and territorial legislation. Apprenticeship training is probably the best-known type of employer-sponsored training in Canada. Typically, training consists of a combination of on-the-job and classroom (technical) training that leads to certification in a skilled trade.⁷⁶ Apprenticeship wages are usually regulated and increase with years of training. The classroom portion of training is subsidized under EI.

In view of the concerns expressed by many witnesses regarding current and anticipated skilled trade shortages, members of the Committee are pleased to note that the

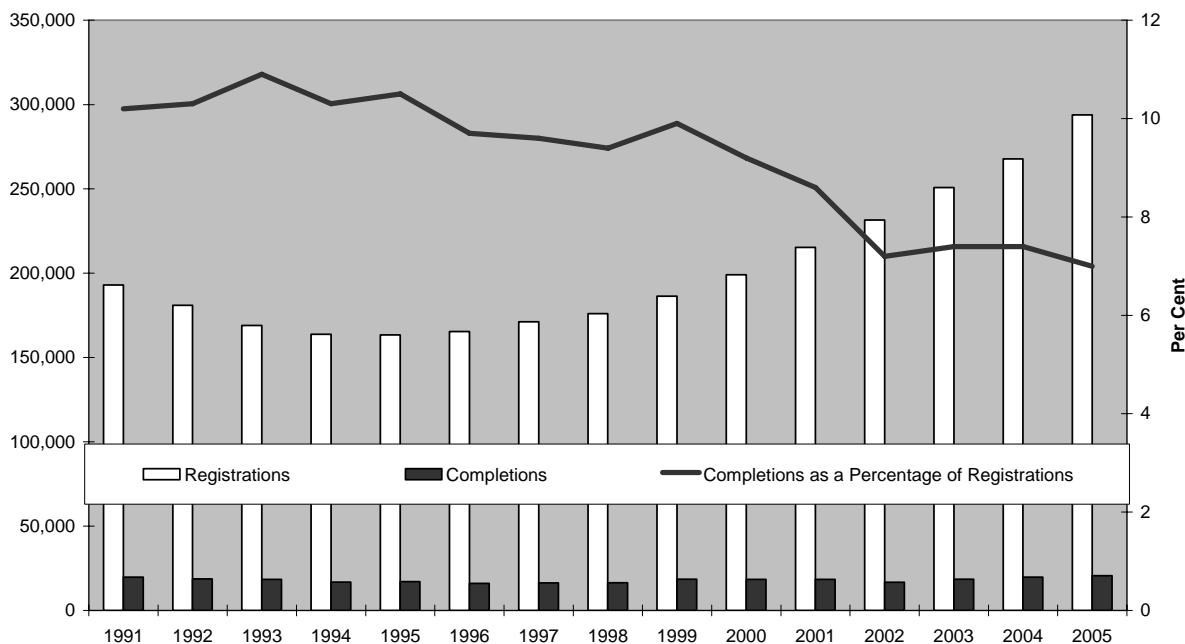
74 Evidence, Meeting No. 20, October 24, 2006 at 9:05 a.m.

75 Evidence, Meeting No. 36, November 9, 2006 at 10:15 a.m.

76 According to information presented in Appendix B of the *Report on Implementation of the Labour Mobility Chapter of the Agreement on Internal Trade* (July 2001), there are more than 75 apprenticeship trades where certification is compulsory. Almost 60% of these trades are eligible for a Red Seal (a certification that allows a journeyman to move from one jurisdiction to another and work without requiring supplementary training or writing certification exams).

number of apprenticeship registrations has increased in recent years, as illustrated in Chart 2.1. According to Statistics Canada, a robust construction sector nationwide played a major role in pushing apprenticeship registrations to an all-time high in 2005 — the tenth consecutive year of growth in apprenticeship registrations. However, despite the increase in both the stock of registered apprentices and new registrations, the number of apprenticeship training completions has remained flat for some time, as illustrated in Chart 2.1. The average age of all apprentices in Canada was 30.1 in 2003, up from 29.4 in 1993.⁷⁷

Chart 2.1 - Number of Apprenticeship Registrations and Completions, Canada, All Trades, Both Sexes



Source: Statistics Canada, CANSIM, Tables 477-0051 and 477-0052; and the Library of Parliament

The high cost of apprenticeship training is thought to be a barrier to a much-needed expansion in trades-related training. The Committee was told that employers pay between 75% and 90% of the cost of apprenticeship training.⁷⁸ In recognition of these costs, the

77 Statistics Canada, *Education Matters: Insights on education, learning and training in Canada*, (81-004-X1E), June 2006, Volume 3, Number 2 <http://www.statcan.ca/english/freepub/81-004-X1E/2006002/regappr.htm>.

78 It is important to note that employers also benefit from the work performed by apprentices. In fact, a recent cost-benefit analysis estimated that employers receive an average benefit of \$1.38 for every \$1 spent on apprentices in the 15 trades (e.g., bricklayer, carpenter, machinist, motor vehicle body repairer and tool and die maker) that were examined. Note that this estimate does not consider the time profile of the costs and benefits. If the costs of training are relatively higher than the benefits in the initial years of training, and an apprentice leaves during the training period, then employers realize a net cost instead of a net benefit. See: Canadian Apprenticeship Forum, *Apprenticeship — Building a skilled workforce for a strong bottom line*, June 2006, p. 24 http://www.caf-fca.org/files/access/Return_On_Training_Investment-Employers_report.pdf.

federal government introduced an apprenticeship training tax credit (and an Apprenticeship Incentive Grant paid to apprentices) in the 2006 Budget.⁷⁹ This measure was well received during our hearings, although the Committee was told that it should be broadened to include all apprenticeships (it is currently available only to employers and apprentices involved in training in Red Seal trades) and that at least some of this support should be used to encourage the completion of apprenticeship training. We recognize that, in many instances, employers have little control over apprentices' decisions to complete their training. However, employers do control layoff decisions, a factor that is thought to be contributing to the low apprenticeship training completion rate. During periods of economic slowdown, apprentices are often laid off first.⁸⁰

Number one [recommendation] is that the federal tax credit for employers hiring apprentices be amended so that the credit is increased for each completed apprenticeship. Right now, there's no incentive for the employer to keep his or her apprentices moving through the system to completion, only to hire them. We believe a modest expansion of the tax credit would have a major positive impact on apprenticeship training completion.⁸¹

**Mr. Pat Byrne, District Council 38
International Union of Painters and Allied Trades**

Another factor that is thought to contribute to the low completion rate in apprenticeship training is that the skills acquired in some apprenticeship training programs, especially in the construction trades, are recognized and rewarded in the labour market before the training has been completed. This reality creates a major incentive for apprentices, many of whom are older and have family responsibilities, to leave training before completion and, where applicable, certification.

[T]he existing issue with the trades program and the apprenticeship program is that is geared in the end to the non-residential construction industry. So people go through a process of three or four or five years of in-class training and on-the-job training, and the only time they get a certificate of qualification is when they've finished all that. If somebody finishes when they have acquired the skills to work in the residential construction industry, they leave the apprenticeship program and go to work in the industry with no qualifications.⁸²

**Mr. Paul Gravel
Canadian Home Builders' Association**

79 The 2006 Budget also provided a tax deduction of up to \$500 to help cover the cost in excess of \$1,000 of tools that tradespeople must purchase as a condition of employment.

80 A. Sharpe and J. Gibson, *The Apprenticeship System in Canada: Trends and Issues*, Centre for the Study of Living Standards, Research Report 2005-04, September 2005, p. 63.

81 Evidence, Meeting No. 34, November 8, 2006 at 10:45 a.m.

82 Evidence, Meeting No.28, October 26, 2006 at 4:00 p.m.

Although differing views were expressed by witnesses regarding existing certification standards, members of the Committee are open to the idea that there may be some benefit in moving the apprenticeship training system away from its current time-based orientation to one based on training modules. One of the major benefits of a modular approach is that training can be broken down into competency-based components, and thus facilitate a progressive recognition of credentials.⁸³ It is also thought that a modular system would foster better linkages with the formal education system which, we were told, are virtually non-existent. Many members of the Committee think that apprenticeship training would become considerably more attractive if apprentices could obtain academic recognition for their training before its completion. However, it should be noted that this approach could have the unintended consequence of further reducing the proportion of apprentices who complete their training.

Also there has to be better laddering between the apprenticeship system and the community colleges. In other words, you would do one year of apprenticing and then work in community colleges, and you'd get credit for your work as an apprentice. Right now you don't get credit for apprenticeship unless you complete the program. So there'd be certain types of modules that would be developed. That kind of thing can also have positive effects on the apprenticeship system.⁸⁴

Dr. Andrew Sharpe
Centre for the Study of Living Standards

Although apprenticeship training is the responsibility of the provinces and territories, the federal government, as previously noted, helps to increase the supply of apprentices through measures delivered primarily through Human Resources and Social Development Canada. These include direct financial incentives (i.e., apprenticeship grant and tax credit, and EI), the enhancement of mobility through the Red Seal Program, and the promotion of apprenticeship, primarily through the Canadian Apprenticeship Forum (CAF). The apprenticeship community is well represented in the CAF and includes, among others, the Canadian Council of Directors of Apprenticeship (CCDA). The CCDA, comprised of provincial and territorial directors of apprenticeship and representatives from Human Resources and Social Development Canada, is an important contributor to the development of apprenticeship policy across the country. One of the CCDA's objectives is "to promote interprovincial standards in occupational training, examinations and certification among jurisdictions."⁸⁵

Given the federal government's limited role in the development of apprenticeship training, discussions about institutional reforms and the development of stronger linkages between apprenticeship programs and post-secondary educational institutions is best left

83 A. Sharpe and J. Gibson, September 2005, p. 70.

84 Evidence, Meeting No. 13, September 28, 2006 at 12:30 p.m.

85 Canadian Council of Directors of Apprenticeship, 2005, p. 5.

to provincial and territorial governments. However, we do believe that these discussions are vital and should be encouraged and facilitated by the federal government.

Recommendation 2.1

The Committee recommends that the federal government consider expanding and restructuring the Apprenticeship Job Creation Tax Credit and the Apprenticeship Incentive Grant to encourage growth in apprenticeships and the completion of apprenticeship training generally.

Recommendation 2.2

The Committee recommends that the federal government examine and evaluate, in coordination with the provinces that do not already have a similar program, a federal training fund based on the Quebec model, into which all employers with payrolls over \$1 million are required to invest the equivalent of 1% of their payroll, minus the amount they verifiably spend on workplace literacy and other training.

Recommendation 2.3

The Committee recommends that the Forum of Labour Market Ministers and the Council of Ministers of Education, Canada work together to examine and implement ways to better integrate apprenticeship training and post-secondary education across the country. It is thought that a more integrated system would increase the attractiveness of apprenticeship training and accommodate the movement of individuals between both systems.

B. Workplace Literacy

As the Canadian economy continues to shift toward knowledge-based growth, the skill content of jobs will continue to rise. However, the acquisition of new skills and the application of new knowledge in the workplace demand solid literacy and other essential skills. Unfortunately, too many workers in the Canadian labour market lack basic skills, as evidenced by the results of the most recent survey on adult literacy.

The *2003 International Adult Literacy and Skills Survey* (IALSS) “measured proficiencies in literacy, numeracy and problem solving of the Canadian population” and

provided valuable information pertaining to the need for workplace literacy programs.⁸⁶ It must be noted that there are significant differences between the provinces and territories in terms of the proportion of individuals who have low literacy, numeracy and problem-solving skills⁸⁷, and that literacy proficiency varies among different groups.

Overall, the survey showed that 48% of the Canadian population aged 16 and over (42% of those aged 16 to 65) performed below level 3 on the prose and document literacy scales; a level of “proficiency considered to be the ‘desired level’ of competence for coping with increasing skill demands of the emerging knowledge and information economy.”⁸⁸ On the numeracy scale, 55% of respondents aged 16 and over scored below level 3. As can be expected, those who scored at levels 1 and 2 are more likely than high scorers to be outside the labour force, to be unemployed, and to have low-paying jobs.

The survey confirmed that in Canada, as in all countries surveyed, there is a skills deficit “as measured by the difference between observed skills and the extent to which those skills are required at work.”⁸⁹ Fourteen per cent of the Canadian labour force aged 16 to 65 showed a skills deficit related to their prose literacy skills and writing engagement at work; 14.7% had a skills deficit related to their document literacy skills and reading engagement at work; 17.5% had numeracy skills below those required at work; and 28.1% did not have the problem-solving skills needed to match the combined reading, writing and numeracy engagement at work.⁹⁰

In 2005 CARS began an essential skills project to build essential skill profiles for key occupations. We also developed an assessment tool and benchmarked essential skill levels for workers, apprentices, and students in these occupations. Each participant was assessed for current skill levels in reading, numeracy, and document use. The overall

86 The IALSS is the Canadian component of the *Adult Literacy and Life Skills Survey* (ALL). ALL is the second internationally comparative survey of adult skills and builds on the *International Adult Literacy Survey* (IALS) that was conducted between 1994 and 1998. Human Resources and Skills Development Canada and Statistics Canada, *Building on Our Competencies: Canadian Results of the International Adult Literacy and Skills Survey*, 2005, p. 9 <http://www.statcan.ca/english/freepub/89-617-XIE/89-617-XIE2005001.pdf>.

87 **Prose literacy** is defined as “the knowledge and skills needed to understand and use information from texts including editorials, news stories, brochures and instruction manuals.” **Document literacy** is “the knowledge and skills required to locate and use information contained in various formats, including job applications, payroll forms, transportation schedules, maps, tables and charts.” **Numeracy** is “the knowledge and skills required to effectively manage the mathematical demands of diverse situations.” **Problem solving** “involves goal-directed thinking and action in situations for which no routine solutions exist. The problem solver has a more or less well-defined goal, but it is not immediately obvious how to reach it. The incongruence of goals and admissible operators constitutes a problem. The understanding of the problem situation and its step-by-step transformation, based on planning and reasoning, constitute the process of problem solving.” Ibid., p. 13.

88 Ibid., p. 9.

89 Organisation for Economic Co-operation and Development (OECD) and Statistics Canada, *Learning a Living: First Results of the Adult Literacy and Life Skills Survey*, 2005, Chapter 6, p. 132 <http://www.statcan.ca/english/freepub/89-603-XIE/2005001/pdf/89-603-XWE-part1.pdf>.

90 Ibid., p. 162.

results and the profiles developed showed that one industry worker out of three needs to improve his or her essential skills to function well in their industry occupation.⁹¹

Ms. Jennifer Steeves
Canadian Automotive Repair and Service

According to the IALSS, 42% of individuals aged 16 to 65 in Canada had low literacy skills (i.e., levels 1 and 2),⁹² unchanged from 1994. Moreover, 22.1% of individuals aged 16 to 65 with literacy level 1 received education and training during the year preceding the survey, as compared to 68.6% of those with a literacy level 4/5.⁹³ One of the reasons why low-skilled workers participate less in training than their higher-educated counterparts is that they often lack basic learning skills. The survey also found that individuals aged 16 to 65 with low numeracy skills were roughly 2.5 times more likely than those with high numeracy skills to be out of the labour force for six months or more.⁹⁴

I was looking at some statistics last night, and Canada ranks tenth in the recent adult literacy survey of workplace literacy initiatives. So we're not doing a good job of training people in the workplace. Even though there are a lot of really good programs out there, we're still only tenth, and we can do a lot better than that — whether it's an adult basic skills program, whether it's a higher skills program — in doing some of the work that people have talked about here.⁹⁵

Ms. Elaine Cairns
Literacy Alberta

People with lower levels of literacy are more likely to be unemployed. That's a no-brainer, but it's a major factor in determining employability. They're more likely to lose their jobs and less likely to find new employment. Adults with low literacy skills have only a 50% chance of finding another job, even after 52 weeks of unemployment. Strong literacy skills are needed for job-related training and advancement. Again, it's a stepping stone;

91 Evidence, Meeting No. 15, October 5, 2006 at 11:05 a.m.

92 Individuals with level 1 literacy skills would have difficulty, for example, identifying the correct amount of medicine to give to their children. Those with level 2 literacy skills can only deal with material that is simple, clearly presented and entails easy tasks. Level 3 relates roughly to the skill level required to obtain a high school diploma. Literacy skill levels 4/5 relate to higher level literacy skills that require the ability to integrate several sources of information or solve complex problems. Individuals with literacy skills below level 3 are considered by experts as having literacy skills below the minimum level required for coping in a knowledge-based economy and society such as ours.

93 OECD and Statistics Canada (2005), Table 4.3, p. 98 <http://www.statcan.ca/english/freepub/89-603-XIE/2005001/pdf/89-603-XWE-part1.pdf>.

94 Ibid., Table 5.3, p. 124.

95 Evidence, Meeting No. 36, November 9, 2006 at 11:35 a.m.

you can't get to employment if you haven't had job specific training, and literacy is a prerequisite for that.⁹⁶

Mrs. Wendy DesBrisay
Movement for Canadian Literacy

Employability is a huge issue, and literacy is the most fundamental issue affecting it. We need to take some steps to support literacy — not just on the ground in the communities but also in the workforce. There will always be a lot of individuals at levels one and two who are unemployed, but we were staggered to find that many people in these categories are actually employed, and this hampers them from going into a lot of the traditional literacy programs.⁹⁷

Ms. Kimberley Gillard
Literacy Newfoundland and Labrador

The Committee received a considerable amount of testimony regarding literacy in general, and workplace literacy in particular. Many witnesses expressed concern about Canada's ability to meet future skills needs, given our low literacy levels. Several witnesses indicated that we need to develop a pan-Canadian literacy strategy, referring to work done by this Committee in the 37th Parliament and a report entitled *Towards a Fully Literate Canada: Achieving National Goals through a Comprehensive Pan-Canadian Literacy Strategy* prepared by the Advisory Committee on Literacy and Essential Skills for the Minister of State for Human Resources Development in 2005. Opposition was also expressed regarding the government's recent decision to reduce spending on literacy.

It's unclear to us whether the cuts will affect the workplace education partnerships in place in several provinces, such as Nova Scotia, which we just heard about, and examples like Manitoba and the NWT, where employers, labour, and provincial governments work together to promote and deliver workplace literacy programs. Nor is it clear to us what the effect will be on provincial and territorial federations of labour. Federations have been successful partners in workplace literacy partnerships. Their work provides successful examples of provincial partnerships and should be strengthened and enhanced, not cut.⁹⁸

Ms. Sue Folinsbee
National Adult Literacy Database Inc.

Members of the Committee realize that literacy skills are more than an essential component of a labour market policy geared to meeting Canada's future skills needs. Raising literacy skills in the workplace also contributes to higher literacy within families and our communities. And this outcome, we were reminded, benefits all of us.

96 Evidence, Meeting No. 13, September 28, 2006 at 11:35 a.m.

97 Evidence, Meeting No. 18, October 23, 2006 at 8:25 a.m.

98 Evidence, Meeting No. 21, October 24, 2006 at 10:30 a.m.

I also made reference to the connection between literacy skills and other matters that are of concern to you as parliamentarians: the connection between literacy and health, which I referred to; literacy and access to justice in our courtrooms; and literacy and democracy, in terms of being able to read and understand the print material that each of you gives to your constituents, that each of your parties prepares in your platforms. So literacy is a key feature of our democratic system.⁹⁹

Mr. John O'Leary
Frontier College

The workplace is the easiest venue for providing literacy and essential skills training [...] As we know, literacy is a transferable skill, so upgrading in the workplace also helps the worker at home and in the community.¹⁰⁰

Mr. Larry Hubich
Saskatchewan Federation of Labour

Poor literacy skills constitute a barrier to rapid and necessary labour market adjustments. Workers with high literacy levels allow employers to introduce necessary changes in the workplace. They also facilitate the rapid acquisition of skills that employers need to remain competitive and profitable. High literacy levels are also associated with safer workplaces, reduced waste in production and increased profitability.¹⁰¹ However, despite these bottom-line benefits, relatively few employers invest in basic skills training. We suspect that the under-investment in workplace literacy training is due, in part, to high training costs and uncertainty about whether the benefits of that training will be realized.

Statistics Canada describes the direct link to productivity. A 1% increase in literacy rate would increase productivity by 2.5% and gross domestic product by 1.5%. This rising gross domestic product translates into \$18 billion for Canada every year.¹⁰²

Ms. Elaine Cairns
Literacy Alberta

When we look at why businesses aren't investing in training, I still think you need to look at your community. For example, in Nova Scotia, many of our businesses are made up of very small organizations of five or six employees. They're mom-and-pop operations and they make up a good portion of Nova Scotia. They're not always eligible for programs, nor do they have the resources to do it [...] I'll give you an example. I work with a group of small business owners. They're one-owner companies. They're on their own. They may have one or two staff people. We've taken an innovative approach. We've brought them together within our community, so we actually have the numbers we require to put together a program, and we're delivering essential skills for small business owners.

99 Evidence, Meeting No. 25, October 26, 2006 at 8:45 a.m.

100 Evidence, Meeting No. 37, November 10, 2006 at 8:50 a.m.

101 Conference Board of Canada <http://www.conferenceboard.ca/workplaceliteracy/benefit.asp>.

102 Evidence, Meeting No. 36, November 9, 2006 at 10:25 a.m.

We've had a huge impact. I've been working with them now for three years, and their businesses have grown because we've developed the essential skills and worked it into the customized workplace — what is it that they need in their workplace. It's become a very powerful story and a very powerful picture.¹⁰³

Ms. Margan Dawson
Association of Workplace Educators of Nova Scotia

As practitioners working in the field of workplace education, we have observed that many employers are not taking advantage of workplace education programs, and we really question why. The benefits of investing in workers' essential skills and workplace literacy are undeniable, but they are not always clear or known to management, supervisors, or workers. As well, about 75% of Nova Scotia businesses have too few employees to make implementing a workplace education program on their own feasible.¹⁰⁴

Ms. Leslie Childs
Association of Workplace Educators of Nova Scotia

On April 1, 2006, HRSDC's National Literacy Program, the Office of Learning Technologies and the Learning Initiatives Program were consolidated under the Adult Learning, Literacy and Essential Skills Program (ALLESP).¹⁰⁵ The objectives of the ALLESP are to promote lifelong learning and to facilitate the creation of opportunities to acquire literacy and other essential skills.¹⁰⁶ On September 25, 2006, the federal government announced that it would reduce spending on adult literacy and learning by \$17.7 million over the next two years. A majority of members of the Committee disagreed with this initiative, and on October 5, 2006 the Committee tabled its Fourth Report in the House of Commons. This report states "[t]hat, in consideration of the funding cuts to the Department of Human Resources and Social Development announced September 25, 2006, that the Standing Committee on Human Resources, Social Development and the Status of Persons with Disabilities recommend that the government continue funding the Adult Learning and Literacy Program at the 2005-2006 level and that the chair report the adoption of this motion to the House forthwith."¹⁰⁷ Given that literacy skills have a significant influence on all aspects of Canadian society, a majority of members maintain that it is time for governments across the country to take concerted action to further address this serious issue.

103 Evidence, Meeting No. 21, October 24, 2006 at 11:20 a.m.

104 Ibid., at 10:15 a.m.

105 Nine essential skills needed for work, learning and life have been identified: reading text, document use, numeracy; writing; oral communication; working with others; continuous learning; thinking skills; and computer use.

106 Human Resources and Social Development Canada, *Questions and Answers* <http://www.hrsdc.gc.ca/asp/gateway.asp?hr=en/hip/ld/olt/ADULTLES/Qs-As-2006.shtml&hs=cgs>.

107 House of Commons, Standing Committee on Human Resources, Social Development and the Status of Persons with Disabilities, *Report 4—Adult Learning and Literacy Program*, October 3, 2006 <http://cmte.parl.gc.ca/cmte/CommitteePublication.aspx?COM=10478&Lang=1&SourceId=173244>.

Recommendation 2.4

The Committee recommends that the federal government encourage employers to provide workplace literacy training by permitting them to deduct some multiple of literacy training-related expenses that are incurred relative to some predetermined period or base year.

Recommendation 2.5

The Committee recommends that the federal government, in collaboration with provincial and territorial governments, set concrete national targets in the short, medium and long terms to raise Canada's literacy rates based on the International Adult Literacy and Skills Survey. The Committee recommends that the federal government begin as soon as possible to develop and implement a ten-year plan with adequate funding to achieve these targets through a coherent national adult learning strategy, including bilateral accords with each province and territory.

Recommendation 2.6

The Committee recommends that the federal government, in collaboration with provincial and territorial governments, commit to adequate, long-term, stable, transparent, core funding for national, provincial, territorial and regional literacy coalitions, and other education and training-based organizations, including funding for public awareness and learner outreach projects; financial and logistical access and support for learners; professional development; family literacy approaches; and partnerships between levels of government, and between employers and labour.

POST-SECONDARY EDUCATION

Canada's population is one of the most highly educated in the world. Among OECD countries, Canada has the second highest proportion of post-secondary education graduates (45%). With respect to university graduates, Canada ranks 5th (22% and tied with Australia), trailing the United States (30%), Norway and Israel (29%) and Denmark (25%). Roughly 22% of working-age Canadians have attained a college or vocational education, a proportion second only to the Russian Federation.¹⁰⁸

108 Canadian Council on Learning, *State of Learning in Canada: No Time for Complacency*, 2007, p. 40 http://www.ccl-cca.ca/NR/rdonlyres/5ECA2E9-D5E4-43B9-94E4-84D6D31BC5BC/0/NewSOLR_Report.pdf.

Historically, Canada ranks among the top OECD countries in spending on education. In 2000, the most recent year for which data are available, Canada ranked 2nd among G7 countries (4th among OECD countries) in terms of expenditures per student (US\$14,983) at the college and university level, well below the United States (US\$20,358).¹⁰⁹

It is estimated that roughly 1.7 million individuals in Canada were enrolled in university and college programs in 2002-2003, the latest year for which aggregate data are available.¹¹⁰ In 2004-2005, an estimated 756,987 full-time and 257,499 part-time students were enrolled in university, an increase of some 19% above total enrolment in 2000-2001.¹¹¹

Education, like literacy, is a major determinant of employability. The positive relationship between education and labour market outcomes is clear: a significantly greater proportion of highly educated individuals in Canada are employed compared with their less educated counterparts. In 2006, 76.9% of individuals 15 years of age and over with a university degree were employed, compared to 21.5% of those with zero to eight years of schooling and 45% of those with some high school education. In the same year, the average unemployment rate for a university graduate was 4%, compared with 12.5% of those with between zero and eight years of grade school and 12.3% of those with some high school education.¹¹²

A. Access to Post-Secondary Education

Despite the fact that Canada has one of the most highly educated populations in the OECD, witnesses spoke of the need to facilitate greater access to post-secondary education, especially for Aboriginal people and persons with disabilities (both of which are afforded separate treatment in the next chapter of our report), individuals from low-income families and individuals from rural Canada.¹¹³

109 Canadian Council on Learning, *Canadian Post-Secondary Education: A Positive Record — Uncertain Future*, 2006, p. 64 <http://www.ccl-cca.ca/NR/rdonlyres/BD46F091-D856-4EEB-B361-D83780BFE78C/0/PSEReport2006EN.pdf>.

110 S. Junor and A. Usher, *The Price of Knowledge 2004: Access and Student Finance in Canada*, Canada Millennium Scholarship Foundation, 2004, p. 33 http://www.millenniumscholarships.ca/images/Publications/Price_of_Knowledge-2004.pdf.

111 Statistics Canada, CANSIM, Table 477-0013.

112 Statistics Canada, CANSIM, Table 282-0003.

113 Budget 2006 indicated that the federal government intends to expand eligibility for Canada Student Loans by extending loan eligibility to an additional 30,000 students from families with incomes between \$65,000 and \$140,000 as well as allow 25,000 current student borrowers to increase the amount they can borrow. In addition, a new text book tax credit will be introduced, and all PSE scholarship and bursary income will be exempt from personal income tax.

We were told that access to post-secondary education and training is not consistent among urban, rural, northern and remote communities. According to research published by Statistics Canada, distance has an impact on participation in university. After controlling for several variables known to influence decisions to participate in post-secondary education, it is estimated that students living beyond 40 km from a university are only 63% as likely to attend compared with those who live within 40 km. Students who live beyond 80 km are only 58% as likely to attend as students living within 40 km of a university.¹¹⁴ To help offset the costs associated with relocation, witnesses suggested that Canada Access Grants, which the federal government currently provides to students from low-income families and students with disabilities, be expanded to include students living in rural areas of the country.

There are a lot of barriers. One of them is that fewer rural kids go to university, to start with. All those who go to university have already spent a lot of money coming from the outside. If you come from another part of Newfoundland, you have to pay more to go to university in St. John's than if you were from St. John's. Rural families are poorer than urban families, so again they are at a financial disadvantage. This is why rural access scholarships would help to allay that disadvantage. Students coming into medical school now are very concerned about the high cost of medical education, and that is a barrier.¹¹⁵

**Dr. James Rourke, Memorial University of Newfoundland,
Society of Rural Physicians of Canada**

The Committee was also told that offering non-repayable financial assistance to students who pursue specific areas of study might help alleviate skills shortages in key occupations and areas of the country. It was noted, for example, that scholarships targeted at students from rural Canada who study medicine might help alleviate doctor shortages in rural areas because these students are considerably more likely to choose a rural practice than their urban-based counterparts.

The rate of university attendance is more than two times greater among young people (i.e., 18 to 24 years of age) from high-income families (i.e., over \$100,000), than among their counterparts from low-income families (i.e., less than \$25,000). It is interesting to note that the gap in university attendance between these two groups remained fairly stable throughout the period 1993 to 2001,¹¹⁶ despite an increase of more than 50% in average undergraduate tuition fees (in constant dollars) during this period. Although students from low-income families are more likely to experience financial barriers to post-secondary education than students from high-income families, non-financial barriers also help to explain the gap in university attendance. According to Statistics Canada, the gap in

114 M. Frenette, *Too Far to Go On? Distance to School and University Participation*, Statistics Canada, June 2002, pp. 22-23 <http://www.statcan.ca/english/research/11F0019MIE/11F0019MIE2002191.pdf>.

115 Evidence, Meeting No. 18, October 23, 2006 at 9:15 a.m.

116 M. Drolet, *Participation in Post-secondary Education in Canada: Has the Role of Parental Income and Education Changed over the 1990s?*, Statistics Canada, February 2005, pp. 12-13 <http://www.statcan.ca/english/research/11F0019MIE/11F0019MIE2005243.pdf>.

university attendance is also strongly related to weaker academic performance among students from low-income families as well as to several parental influences (e.g., low levels of education and lower education expectations).¹¹⁷

One of the reasons why financial constraints do not appear to be a major factor in determining access to post-secondary education is the substantial level of publicly funded support provided to students who can demonstrate financial need. Each year, the federal government spends roughly two billion dollars on non-repayable and repayable direct financial support for students. Despite several improvements to the Canada Student Loans Program (CSLP) in recent years, evidence suggests that there is room for improvement. According to the results of a recent survey of in-study CSLP borrowers, a significant number of students are taking on additional private debt to finance their studies. Almost two out of every three CSLP borrowers assume private debt during their studies. At the end of their schooling, these students expect to have an average private debt load of \$15,928 (more than one-half the average level of indebtedness to publicly funded programs).¹¹⁸ Members of the Committee support the commitment in Budget 2008 to spend \$123 million, between 2009-2010 to 2012-2013, to streamline and modernize the CSLP.¹¹⁹ In this context, many members of the Committee would like the federal government to examine a wide range of changes to the CSLP during its consultations with the provinces and territories over the next year to implement the new measures outlined in Budget 2008.

While higher tuition fees do not appear to have had a discernable impact on university participation, there is no question that real debt among students has increased over the years. Moreover, there is some concern that debt aversion may have a negative impact on access to post-secondary education. According to research conducted on behalf of the Canada Millennium Scholarship Foundation (CMSF), 59% of undergraduate students graduated in 2006 with an average debt level of \$24,047, more than double the real student debt level in 1990.¹²⁰

117 M. Frenette, *Why Are Youth from Lower-income Families Less Likely to Attend University? Evidence from Academic Abilities, Parental Influences, and Financial Constraints*, Statistics Canada, February 2007, p. 23 <http://www.statcan.ca/english/research/11F0019MIE/11F0019MIE2007295.pdf>.

118 EKOS Research Associates, *Survey of In-Study Canada Student Loan Borrowers*, Final Report, prepared for Human Resources and Social Development Canada, September 21, 2006, pp. 19-23.

119 Department of Finance, *The Budget Plan, 2008: Responsible Leadership*, February 26, 2008, p. 112 <http://www.budget.gc.ca/2008/pdf/plan-eng.pdf>.

120 J. Berger, A. Motte and A. Parkin, *The Price of Knowledge 2006 — Student Debt: Trends and Consequences*, Canada Millennium Scholarship Foundation, November 2006, Chapter 5, p. 3 http://www.millenniumscholarships.ca/images/Publications/POK_III-ch5_EN.pdf.

We represent workers who work in post-secondary education, and it's becoming less affordable and less accessible. Our studies have shown that more and more students don't access post-secondary education because of the expense; they are left with huge student debt. So we certainly want to endorse those accessibilities.¹²¹

Mr. Leo Cheverie
Canadian Union of Public Employees

The Committee was told that the federal government could adopt several measures to assist students who need more help managing their student debt, including providing greater access to grants and to debt repayment assistance. Regarding the former, it should be noted that the support provided through the CMSF also serves to lower the borrowing costs of eligible students and thus their overall level of debt. The CMSF currently distributes annually about \$340 million in bursaries and scholarships across the country.¹²² This support will end after the 2008-2009 academic year. Budget 2008 announced that the CMSF will be replaced by a new consolidated Canada Student Grant Program to take effect in the fall of 2009.

Human capital can also be strengthened by improving access to post-secondary education through improved student loans. Dental hygienists are educated during two- to four-year programs of study at a college or university. Many students are battling the high cost of this education, which can cost up to \$40,000. The elimination of grant programs in most provinces puts a further strain on students.¹²³

Ms. Bonnie Blank
Canadian Dental Hygienists Association

Through you, Mr. Chair, yes, there are two very specific things [to reduce student debt]. One is to look at forgiving Canada student loans until such time as doctors have finished their clinical training, i.e. their residency training. Right now they have to start repaying their loans. Two, open up the terms and conditions for the loans in terms of making them more accessible, particularly to those with limited means.¹²⁴

Mr. William Tholl
Canadian Medical Association

The federal government currently provides support, most of which is needs-based, to help individuals repay their Canada Student Loans and manage their student debt.

121 Evidence, Meeting No. 20, October 24, 2006 at 9:00 a.m.

122 Canada Millennium Scholarship Foundation, *The Impact of Bursaries: Debt and Student Persistence in Post-Secondary Education*, Millennium Research Note #4 http://www.millenniumscholarships.ca/images/Publications/MRN04_Persistence_EN.pdf.

123 Evidence, Meeting No. 34, November 8, 2006 at 10:35 a.m.

124 Evidence, Meeting No. 10, September 21, 2006 at 12:20 a.m.

Assistance includes a tax credit on interest payments as well as income-tested interest relief and debt reduction for individuals experiencing difficulty repaying their student loans.

Recommendation 2.7

The Committee recommends that the federal government continue to monitor the impact of the Canada Student Loans Program on students from low-income families, students from immigrant communities, students from rural and remote parts of Canada, Aboriginal students and students with disabilities, to ensure that these students have equitable access to student financial assistance programs. The federal government should monitor debt levels associated with student loans and ensure, through non-repayable financial support, that borrowing costs do not constrain access to a post-secondary education.

Recommendation 2.8

The Committee recommends that the federal government consider the following changes to the student loan system in its discussions with provincial and territorial governments pursuant to the proposals in Budget 2008 and issue a response to the Committee:

- 1. Significantly reduce or eliminate the federal student loan interest rate;**
- 2. Create a federal Student Loan Ombudsperson to help students navigate the loan system, objectively resolve problems and ensure that students are treated with fairness and respect;**
- 3. Provide better relief during repayment of student loans, including expanding eligibility for permanent disability benefits, interest relief and debt reduction;**
- 4. Create enforceable federal standards governing the conduct of government and private student loan collection agents, subject to the policy objective of helping students find ways to repay their loan;**
- 5. Ensure that student borrowers are made aware of the total cost of their loan and receive regular, clear, accurate statements of account;**
- 6. Amend the “lifetime limit” on student loans such that they are not repayable until six months after the completion of full-time studies, including doctoral programs and medical residency;**

7. **Reduce the discriminatory ban on bankruptcy protection for student loans to two years;**
8. **Work with the provinces and territories to ensure that each Canadian student loan borrower can integrate all federal and provincial/territorial loans into one single loan for simpler repayment; and**
9. **Reinstate the six-month interest-free grace period.**

Recommendation 2.9

The Committee recommends that the federal government review Canada Student Loan repayment policies and practices to ensure that students who incur high levels of debt under the Canada Student Loans Program have sufficient flexibility to repay their loans. Consideration should be given to specifying conditions for extending the period at which loan repayment begins, as well as the period at which interest on loans begins to accrue. This additional flexibility is particularly important for individuals, such as medical school graduates and other post-graduate students, who currently cannot defer repayment despite ongoing training.

B. Federal Transfers and Post-Secondary Institutional Capacity

1. Canada Social Transfer

The Canada Social Transfer (CST) was created in April 2004 when the federal government decided to split the Canada Health and Social Transfer (CHST) into two components: health payments and social payments. The latter component became the CST, a transfer payment intended to assist provinces and territories finance post-secondary education, social assistance, social services and child care. When the CST was created, its value was based on provincial and territorial spending on those areas supported by the CHST. In other words, the CST was equal to 38% of the CHST. The CST (consisting of cash and tax points) provides equal per capita support across the country.

In 2006-2007, CST cash payments and tax points were worth \$16.1 billion, of which \$8.5 billion was cash. As there is no specific amount directed at post-secondary education, the Department of Finance estimates the notional amount of post-secondary education cash transfers to be in the neighborhood of \$2 billion.¹²⁵ Although the share of these

125 Department of Finance, *Restoring Fiscal Balance in Canada: Focusing on Priorities*, May 2006, p. 38 <http://www.fin.gc.ca/budget06/pdf/fp2006e.pdf>.

notional cash transfers for post-secondary education have declined in relation to total federal spending on post-secondary education, it is thought that total federal post-secondary education spending (both direct and indirect) as a proportion of total spending by post-secondary institutions has remained relatively constant over time at about 25%.¹²⁶

Given the interchangeable nature of CST spending, some witnesses recommended that this transfer be split into two dedicated transfers: one for post-secondary education, and one for social assistance and services. It is thought that this disaggregation would increase accountability in relation to federal indirect social spending.

Within this overall context and specific employability issues, the council supports the federal government using its leverage in the reform of the Canada social transfer. This transfer provides billions of dollars for post-secondary education, social assistance, and other services, and it could be used to secure needed changes.¹²⁷

Mrs. Sheila Regehr
National Council of Welfare

Splitting that transfer [CST] and earmarking the portion of the contribution that goes to postsecondary education would make it possible to achieve three extremely positive objectives. The first is to identify the federal government's contribution to postsecondary education and that of the provincial governments. The second is to respect the jurisdictions of the provinces, because education is a provincial jurisdiction, and transferring the money would make that possible. The third is to maintain accountability. At present, since the money is included in a transfer for very general social programs, the provinces can afford to use those amounts for purposes other than postsecondary education.¹²⁸

Mr. Phillippe-Olivier Giroux
Quebec Federation of University Students

The federal government does not appear to be pursuing a policy that would split the CST into two real transfers. Budget 2007 announced the government's intention to increase the portion of the CST that is intended for post-secondary education as well as identify federal support for the transfer's other priority areas (social programs and support for children) based on provincial and territorial spending patterns in these areas. In 2007-2008, the CST cash payment will increase by \$687 million. In 2008-2009, an additional \$800 million will be transferred for post-secondary education, at which point the notional CST transfer for post-secondary education will total some \$3.2 billion. Furthermore, CST funding will be extended to 2013-2014.

126 Ibid. p. 38.

127 Evidence, Meeting No. 13, September 28, 2006 at 11:15 a.m.

128 Evidence, Meeting No. 23, October 25, 2006 at 8:40 a.m.

Members of the Committee encourage the federal government to continue consultations with provincial and territorial governments regarding the establishment of CST objectives for post-secondary education and the reporting of results. We support the pursuit of long-term, predictable funding and some members of the Committee think that a funding mechanism that provides incentives for provincial and territorial governments to invest more in education and training would contribute to the overall expansion of our investments in learning.

Recommendation 2.10

The Committee recommends that the federal government provide long-term, stable funding in a dedicated post-secondary education transfer, in continuing collaboration with the provinces and territories.

2. Post-Secondary Institutional Capacity

A necessary, although not sufficient, condition for meeting Canada's skill needs in the years to come is that post-secondary educational institutions have the capacity to educate and train individuals who have yet to enter the world of work and those who are already in the labour market. According to demographic projections, Canada's post-secondary education institutions will face considerable enrolment pressures over the next decade. It is unclear whether they will have the institutional capacity to meet anticipated enrolment growth during this period.¹²⁹ In fact, in some instances institutional capacity is already strained.

[I] think this is an area the federal government could look at. If we can get some federal funding, and maybe some capacity within the system, the sort of thing my colleague here referred to, then I think we could get more than 400 [foreign medical graduates] per year, fully trained and qualified in the short term, to get in the system, to help areas like your own.¹³⁰

Dr. Colin McMillan
Canadian Medical Association

129 Canadian Council on Learning, *Report on Learning in Canada 2006, Canadian Post-Secondary Education: A Positive Record—An Uncertain Future*, December 2006, Chapter 7, p. 64 <http://www.ccl-cca.ca/NR/rdonlyres/BD46F091-D856-4EEB-B361-D83780BFE78C/0/PSEReport2006EN.pdf>.

130 Evidence, Meeting No. 10, September 21, 2006 at 12:05 p.m.

The other issue is education system capacity. Frankly, we think the federal government has to contribute to this, as do the provinces. We need to increase enrolments for health professions and health disciplines. We also need to supply extra funds for the infrastructure developments needed to accommodate these increased enrolments. We can't forget about that.¹³¹

**Ms. Sharon Sholzberg-Gray
Canadian Healthcare Association**

[T]he federal government must act now to reinvest in essential components of prosperity: the quality, capacity and access to Canada's publicly funded post-secondary and skills systems. Canadian colleges and institutes represent a master key able to open the door to skills development for a diverse range of learners in all regions of our country.¹³²

**Mr. Gerald Brown
Association of Canadian Community Colleges**

Capacity building in Canada's post-secondary institutions has been a preoccupation of the federal government over the past decade. Every federal budget since 1997 has contained spending initiatives designed to augment teaching capacity, retain and develop new expertise, and renew research infrastructure in the post-secondary system. Most recently, in addition to increased spending on specific research priorities that serve to strengthen Canada's universities and colleges, Budget 2006 set aside \$1 billion for a post-secondary infrastructure trust to help the provinces and territories modernize libraries, laboratories, classrooms and other infrastructure projects. Funding is allocated to the provinces and territories over the fiscal years 2006-2007 and 2007-2008 on an equal per capita basis.

Budget 2007 also contained commitments to increase spending on granting councils, the Indirect Costs of Research Program, the Networks of Centres of Excellence, the College and Community Innovation Program and a number of other targeted research priorities.

Recommendation 2.11

The Committee recommends that, subject to provincial and territorial agreement, the federal government continue to fund capacity-building initiatives in Canada's post-secondary education system and that consideration be given to providing ongoing funding for post-secondary infrastructure.

131 Ibid., at 11:35 a.m.

132 Evidence, Meeting No. 64, March 22, 2007 at 3:55 p.m.

CONTINUOUS LEARNING

As evidenced by the discussion above, many working-age individuals in Canada participate in adult learning, while many more do not. If we intend to meet the skill challenges that lie ahead, the rate of participation in adult learning must increase.

[A]n additional component to the future prosperity of the Maritimes is going to be productivity. We have a diminishing population; we have lower birth rates. We have an aging population [...] Each individual Nova Scotian, each individual Canadian, will need to be more productive and will need to undertake lifelong learning to continue to improve and adapt, because the world is changing very quickly, and it's changing very quickly right here at home.¹³³

**Mr. Keith Messenger, Skills and Learning Branch
Nova Scotia Department of Education**

One avenue that the federal government has pursued in the past to facilitate greater access to continuous learning is to help adult learners overcome financial barriers to participation. As previously noted, inadequate finances was cited as a primary reason for unmet training needs among respondents to the *2003 Adult Education and Training Survey*.

In 1998, the federal government introduced the Lifelong Learning Plan, a measure that allows individuals to withdraw up to \$10,000 in a calendar year from their Registered Retirement Savings Plan (RRSP) to finance learning. The maximum amount that may be withdrawn at any point in time is \$20,000. Withdrawals for lifelong learning must be returned to the RRSP over a period not exceeding ten years.

Members of the Committee were told that in addition to the favourable tax treatment afforded Lifelong Learning Plans, modifications to section 118.6 of the *Income Tax Act* could encourage more adults to participate in lifelong learning. Specific suggestions included broadening the definitions of “designated educational institution,” “specified educational program” and “qualifying education program” to permit more adult learners to claim education and tuition fee expenses.

We call on the federal government to expand several definitions in the Income Tax Act to enable health professionals to obtain deductions for a broader range of continuing education activities, including conferences and online courses. The definitions in the Income Tax Act that require revision include the following: designated educational institution, certified educational institution, and qualifying education program. Definition revisions should allow individuals to claim expenses related to continuing education events. Income tax deductions for an expanded number of continuing education activities would provide an additional incentive to Canadians to increase their knowledge and

133 Evidence, Meeting No. 22, October 24, 2006 at 2:35 p.m.

skills. It would result in investment in lifelong learning and it would increase productivity.¹³⁴

Ms. Bonnie Blank
Canadian Dental Hygienists Association

Although this point was not raised during our hearings, we note that the current tax credit for interest paid on student loans applies only to interest paid on loans received under the *Canada Student Loans Act*, the *Canada Student Financial Assistance Act* or similar provincial or territorial laws for post-secondary education.¹³⁵ We recognize that this provision is intended to support those who qualify for needs-based student financing, but its limited application is both inequitable and a potential impediment to investments in lifelong learning among those who are not eligible for public financing. As previously noted, many students who pay interest on a Canada Student Loan also pay interest on private loans. It is unclear why the tax treatment on a loan for an investment in learning should be treated any differently from that afforded any other loan for “investment” purposes.

Adult learners who do not have access to an RRSP may apply for assistance under the Canada Student Loans Program, although it has been noted that eligibility for this assistance is primarily designed to assist students who are leaving high school, not adult learners. The needs-based criteria applied to full-time student loans may be incongruous given the financial status and obligations of older students, and this limitation could serve to deter adults from securing the necessary finances to pursue lifelong learning.¹³⁶ In terms of part-time student loans, individuals are allowed to borrow only a cumulative amount of \$4,000 (interest plus principal) at any point in time. Moreover, there is no in-study interest subsidy associated with part-time student loans, as borrowers are required to repay the loan while they are in school.

Finally, the Committee was told that Canada should make greater use of technology to make lifelong learning more accessible. In this context, we think that distance education or “e-learning” is a cost-effective means of fostering greater access to lifelong learning, especially among learners who reside in rural and remote parts of the country. We acknowledge that some federal support has been provided for this purpose through the Office of Learning Technology, a program that, as previously mentioned, was incorporated under the Adult Learning, Literacy and Essential Skills Program in March 2006. We support cost-shared projects that make use of technologies to expand lifelong learning opportunities.

134 Evidence, Meeting No. 34, November 8, 2006 at 10:30 a.m.

135 *Income Tax Act*, section 118.62.

136 K. Myers and P. de Broucker, *Too Many Left Behind: Canada's Adult Education and Training System*, Canadian Policy Research Networks, June 2006, pp. 41-44.

I think the recommendation we would like to leave you with is to find ways to use technology to support continuous learning. People can't leave their job sites in order to go to school. So how can we use technology to encourage lifelong learning and make accessible ways for people to continue to grow their skills, grow their careers, and make transitions?¹³⁷

**Ms. Linda Lucas
The Logistics Institute**

Recommendation 2.12

The Committee recommends that the federal government continue to monitor the borrowing needs of part-time learners, including mature students, to ensure that they have adequate access to publicly funded, needs-based financing.

Recommendation 2.13

The Committee recommends that the federal government review the *Income Tax Act* with a view to broadening the applicability of tuition and education tax credits, as well as the tax credit for interest paid on student loans, to provide more financial incentives to adults to engage in lifelong learning.

Recommendation 2.14

The Committee recommends that the federal government ensure that funding is provided to finance cost-shared projects that make use of technologies to expand lifelong learning opportunities, particularly projects that address the learning needs of workers in geographical areas where access to Canada's post-secondary education system is limited.

Recommendation 2.15

The Committee recommends that the federal government establish assistance measures for workers, especially low-income workers, to allow them to participate in lifelong learning.

137 Evidence, Meeting No. 36, November 9, 2006 at 11:35 a.m.

LABOUR MARKET ADJUSTMENT AND EMPLOYMENT INSURANCE

The federal government provides a range of labour market support to assist individuals, mainly those who are unemployed, find a job and/or acquire new skills that will help them find or maintain employment. The lion's share of this support is provided under the *Employment Insurance Act*, a key piece of federal labour market legislation that received considerable attention during our hearings. Since many witnesses discussed the employability and labour market adjustment needs of specific groups in the workplace, separate treatment is provided in the next chapter of our report to older workers, workers with disabilities, low-income workers, Aboriginal workers and workers in seasonal employment.

Given the wide-ranging objectives of Employment Insurance (EI) and the significant costs associated with this program, it is not surprising that strong and usually opposing views are presented whenever this program is on the Committee's agenda. This was certainly the case throughout our hearings on employability. Many witnesses were critical of EI's current configuration, but for different reasons. Some witnesses, mainly those representing employers, expressed the view that EI's regionally differentiated qualification and benefit structure weakens attachments to work and thus has a negative effect on employability. In addition, EI delivers a range of support that extends well beyond that originally intended, yet employers continue to bear almost 60% of total EI costs. Proponents of this view seek EI reforms that are based more on insurance principles and that result in a more equitable sharing of program costs.

This brings us to the elimination of regionally differentiated EI ... Political opposition is going to be much more muted as the labour shortages spread across the country. It is no longer necessary to leave Mabou or Bathurst for Toronto and Calgary. It may be quite sufficient to go to Moncton or Halifax. In fact, Halifax needs this rural-urban move today. In 2005, Halifax's employment rate was higher than Toronto's, Vancouver's, and Montreal's. It was one thing when people had some sympathy, when we had the argument that there were no jobs, but in an era of massive labour shortages, the moral and economic arguments coincide. There is no case on either score for continuing to pay people not to work or to try to create artificial employment at the cost of higher taxes when genuine, sustainable business has to shelve development plans for lack of workers.¹³⁸

Mr. Stephen Kymlicka
Atlantic Institute for Market Studies

EI has moved from a pure insurance program to a multi-social-policy payroll tax program. Half of the premiums paid are for things that have nothing to do with regular benefits to compensate for job loss. So while we're all concerned about EI, we need to see how that money is being spent and who is in fact benefiting.¹³⁹

Ms. Diane Brisebois
Retail Council of Canada

Others, primarily those representing workers and/or unemployed individuals, maintain that, relative to its predecessor, EI is inaccessible to too many people and fails to provide sufficient wage replacement protection. Supporters of this view proposed a variety of reforms, such as an extension of EI coverage to more workers (including self-employed workers), an increase in benefit entitlements and modifications to the waiting period.

We also recommend comprehensive reforms to employment insurance to address the significant decline in coverage of the unemployed and the related decline in access to employment supports and training. Previous changes to the EI program have disproportionately impacted part-time and other non-standard workers, typically women, youth, visible minorities, immigrants, and low-income workers. Reforms should include a decrease in the number of hours required to qualify, the reintroduction of eligibility for workers who quit voluntarily or are dismissed with cause, and a process for the growing self-employed workers to contribute to and be eligible for EI benefits.¹⁴⁰

Ms. Ramona Johnston
Vibrant Communities Calgary

One of the most difficult employability issues faced by artists and cultural workers who are self-employed is that in addition to having low and fluctuating incomes, they don't have a social safety net to support them. This includes the access to compassionate leave, parental leave, and sick leave that is enjoyed by most Canadians, as well as access to training programs and, of course, employment insurance.¹⁴¹

Ms. Susan Annis
Cultural Human Resources Council

139 Evidence, Meeting No. 36, November 9, 2006 at 11:35 a.m.

140 Evidence, Meeting No. 35, November 9, 2006 at 8:50 a.m.

141 Evidence, Meeting No. 15, October 5, 2006 at 11:35 a.m.

[J]ust last year we had consultations with women in precarious and seasonal work in our province. The number one issue they had was the employment insurance program. This is big, given that there are many problems with that program. The two-week waiting period contributes to your poverty for that period because you spend so much time trying to catch up afterwards. It's often six or eight weeks before you get a benefit cheque. One of the solutions they came up with was to be allowed to serve the waiting period at the end of the benefit period, if the government is so concerned about serving a waiting period.¹⁴²

Ms. Lana Payne
Fish, Food and Allied Workers Union

Despite these divergent views, most witnesses recognize that EI is an important labour market instrument that helps individuals make the necessary adjustments to secure a job, accept employment or lengthen the duration of employment. Some of EI's support to effect these labour market adjustments is provided under Part II of the *Employment Insurance Act* and delivered via federal/provincial-territorial Labour Market Development Agreements (LMDAs). The support delivered under these agreements is collectively referred to as Employment Benefits and Support Measures (EBSMs). These include interventions to facilitate training (Skills Development), provide on-the-job work experience (Targeted Wage Subsidies and Job Creation Partnerships), encourage self-employment (Self-Employment), and deliver employment services to individuals and employers (Employment Assistance Services, Labour Market Partnerships, and Research and Innovation).

Many witnesses told the Committee that the eligibility rules governing access to most EBSMs exclude many unemployed individuals who require adjustment assistance to become employed; similar criticisms were raised in previous EI studies undertaken by our Committee. Eligibility for EBSMs requires unemployed individuals to be receiving regular EI benefits, to have received regular benefits in the past three years, or to have received maternity or parental benefits in the past five years. Witnesses argued that because many unemployed individuals cannot qualify for EI they are unable to participate in EBSMs. The Committee was told that eligibility for EBSMs should be broadened to enhance the job prospects of unemployed individuals, especially those with marginal attachments to employment. Some witnesses mentioned that an alternative approach would be to establish labour market partnership agreements with the provinces and territories, a measure that was proposed in the November 2005 *Economic and Fiscal Update*.¹⁴³ These agreements were supposed to complement EBSMs by providing support to those ineligible for EI employment benefits.

142 Evidence, Meeting No. 19, October 23, 2006 at 11:10 a.m.

143 Department of Finance, *Economic and Fiscal Update: Background Material to the Presentation*, November 2005, p. 114 <http://www.fin.gc.ca/ec2005/ec/ecce2005.pdf>.

In the area of training, a number of existing EI-based programs are available only to EI recipients. If we look at our community as being as unemployed as statistics tell you we are, a lot of us have not participated in work to the extent that we become EI recipients, so we're doubly penalized. We didn't get to work, and now we can't qualify for retraining and other programs that are available to those who have had those traditional advantages, advantages we have never had.¹⁴⁴

Mr. John Rae
Alliance for Equality of Blind Canadians

Employment insurance used to be one of the really valuable routes into getting the kind of training that people needed. It wasn't just income replacement, but it allowed access to a whole range of other services that guaranteed that when you were out of a job you got the assistance you needed to help get back in and have those needs identified. And there was some regularity to that across the country. Now without that, with so few people qualifying for employment insurance, they don't get into other programs either. It's so easy to fall into welfare, and once you're there, it's so hard to get access to anything else, from literacy to skills upgrading to post-secondary education for your lifetime.¹⁴⁵

Mrs. Sheila Regehr
National Council of Welfare

As the committee knows, labour market participation by people with disabilities is significantly lower than that by the mainstream population. Because the most effective federal government employment support programs are tied directly to people's attachment to the labour market and the EI system, many people with disabilities are ineligible and are therefore underserved.¹⁴⁶

Mr. Bob Wilson,
Social and Enterprise Development Innovations — SEDI

[W]e see the federal government's role as greatly aiding the province in the deployment of its programs by taking a new approach to the labour market development agreement, the LMDA, by devolving responsibility to the province and by implementing a labour market partnership agreement, an LMPA, to allow flexibility to use funding for employees at risk, underemployed and underutilized groups, and other non-EI-eligible clients.¹⁴⁷

Mr. Keith Messenger, Skills and Learning Branch
Nova Scotia Department of Education

144 Evidence, Meeting No. 30, October 27, 2006 at 10:15 a.m.

145 Evidence, Meeting No. 13, September 28, 2006 at 12:05 p.m.

146 Evidence, Meeting No. 27, October 26, 2006 at 1:15 p.m.

147 Evidence, Meeting No. 22, October 24, 2006 at 1:30 p.m.

The labour market development agreements, as has been pointed out here, systematically exclude people who have histories that haven't involved a lot of attachment to the labour force, which would include many people with intellectual disabilities. That system is actually pretty well funded. There's a lot of potential for it to be more inclusive, to provide wider access to training for people who are currently excluded in large numbers.¹⁴⁸

Mr. Cameron Crawford
Canadian Association for Community Living

One of the most obvious ways to address skill shortages is to ensure that unemployed workers have opportunities to acquire the skills that employers need. We have stated elsewhere in our report that we expect labour market adjustments to become increasingly important as the labour force ages. It follows that EI's role in facilitating these labour market adjustments must evolve accordingly. Several suggestions were offered in this regard, including a benefit structure that encourages stronger attachments to work, EI contribution rebates for employers who provide authorized labour market support,¹⁴⁹ mobility incentives to lengthen employment spells (see Chapter 3, Workers in Seasonal Employment) and a training benefit similar to other benefit entitlements under EI.

There needs to be a fundamental shift in the EI and the social assistance programs. They need to become top-up systems rather than clawback systems. Rather than penalizing workers for getting back into the workforce, or changing from a higher-paying job to a lower-paying job, if we change the system so we are topping up their wages rather than clawing them back, that would make a huge difference.¹⁵⁰

Ms. Janis Cousyn
Calories Restaurants

Why not help small business take that risk? Why not reduce the contributions to employment insurance for businesses that hire people 50 years old and over? Why not help them take that risk? It is like helping banks take risks with immigrants. It's the same thing. We have to help them take a risk.¹⁵¹

Ms. Andreea Bourgeois, New Brunswick and Prince Edward Island
Canadian Federation of Independent Business

148 Evidence, Meeting No. 30, October 27, 2006 at 10:50 a.m.

149 Although this proposal was mentioned in the context of an initiative to hire older workers (similar to the New Hires Program that supported job creation among youth in small businesses), this concept is easily applied to other initiatives, such as literacy training in the workplace.

150 Evidence, Meeting No. 37, November 10, 2006 at 8:40 a.m.

151 Evidence, Meeting No. 22, October 24, 2006 at 1:45 p.m.

A. Building on Labour Market Training Arrangements

In November 1995, the Prime Minister announced that the federal government would withdraw from labour market training. A formal offer was extended to the provinces and territories on 30 May 1996, thus setting the stage for the Labour Market Development Agreements (LMDAs) that exist today. All LMDAs are delivered pursuant to sections 57 and 63 of the *Employment Insurance Act*.

Currently, there are two types of LMDAs — co-managed and transfer agreements — both of which are intended to enhance the skills that individuals require to prepare for, find and maintain employment.¹⁵² Under co-managed agreements, the federal government and a province/territory share responsibility for the design, planning and evaluation of EBSMs, while the federal government (Service Canada) is solely responsible for the management and delivery of these measures.

Under transfer LMDAs, the design and delivery of EBSMs or similar measures are the sole responsibility of the province/territory. These agreements also involve the transfer of federal personnel. In all cases, except Quebec, provinces and territories jointly evaluate EBSMs or similar measures with the federal government. Quebec conducts its own evaluations.

Under all LMDAs, the federal government retains the responsibility for delivering pan-Canadian labour market support (e.g., labour mobility, national sectoral partnerships, Aboriginal programming), an outcome opposed by Quebec from the outset. This arrangement may change in the near term, however, as the federal government announced in Budget 2007 its intent to: (1) negotiate transfer LMDAs with all jurisdictions that have co-managed agreements; (2) establish a new labour market program (\$500 million per year), to be delivered under bilateral agreements with the provinces and territories, for those who do not qualify for EI Part II benefits; and (3) examine the possibility of transferring, via bilateral agreements with the provinces and territories, funding and responsibility for labour market programming directed at specific under-represented groups (e.g., youth, persons with disabilities, older workers).¹⁵³

Members of the Committee are pleased that the federal government has announced its intention to transfer more responsibility for labour market support, especially training, to the provinces and territories. We are also pleased that action will be taken to address a longstanding inequity in the delivery of federal labour market support to individuals who cannot meet the definition of “insured participant” and therefore are

152 Newfoundland and Labrador, Prince Edward Island, British Columbia and the Yukon have signed co-managed LMDAs with the Government of Canada. Nova Scotia has signed a variant of a co-managed agreement known as a strategic partnership agreement. New Brunswick, Quebec, Manitoba, Saskatchewan, Alberta, the Northwest Territories, Nunavut and Ontario have signed transfer LMDAs.

153 Department of Finance, March 19, 2007, pp. 212 to 215 <http://www.budget.gc.ca/2007/pdf/bp2007e.pdf>.

ineligible for Employment Benefits under the *Employment Insurance Act*. We support an annual allocation of \$500 million for labour market adjustment support (e.g., literacy and basic skills upgrading, wage assistance and on-the-job training) for underserved segments of the Canadian labour market.

Part of the evolution of EI's labour market adjustment support in the coming years must also include steps to ensure that spending on EBSMs and other transfers is effective and provides unemployed workers with marketable skills and durable employment. Over the past several years HRSDC has completed summative evaluations of EBSMs, the results of which suggest that there is room for improvement. According to general evaluation findings, EBSMs provide at best modest results in terms of improved employment and earnings. According to these findings, more positive results seem to be apparent for an active EI client (i.e., someone who has established a benefit period) as opposed to a former EI client (i.e., someone who has received regular benefits in the past three years or maternity/parental benefits in the past five years). It should be noted that these general results also apply to individuals participating in Skills Development, the intervention that accounts for the largest share of spending on EBSMs and the measure best suited to address the problem of skills shortages.¹⁵⁴ According to the evaluation results of the Canada-British Columbia LMDA, it was found that average annual employment among former claimants who participated in Skills Development declined by an estimated 235 hours after participating in this intervention.¹⁵⁵

In recent years, the Standing Committee on Human Resources, Social Development and the Status of Persons with Disabilities has devoted considerable attention to EI issues. Most recently, on May 31, 2006 the Committee re-tabled in the House of Commons its 2005 report entitled *Restoring Financial Governance and Accessibility in the Employment Insurance Program*. The report contains many recommendations to enhance EI accessibility and support, and to further EI's role in providing active labour market assistance. In response to the report, the government indicated that "it is also committed to ensuring that its programs evolve and respond to the realities of the Canadian labour market. In this regard, it is important that these program changes, including those to the EI program, be founded on sound analysis of the evidence and that careful consideration be given to labour market impacts and the costs of individual measures."¹⁵⁶ In our opinion, pilot projects offer the best opportunity to assess the effectiveness of new approaches for using EI funds to enhance employability among

154 Canada Employment Insurance Commission, *Employment Insurance Monitoring and Assessment Report 2006*, March 31, 2007, pp. 64-66 http://www.hrsdc.gc.ca/en/ei/reports/eimar_2006.pdf.

155 Human Resources and Skills Development Canada, *Summative Evaluation of Employment Benefits and Support Measures under the Terms of the Canada/ British Columbia Labour Market Development Agreement*, April 2004, p. 32 <http://www.hrsdc.gc.ca/en/%5Ccs%5Csp%5Chrds%5Cevaluation%5Creports%5Csp-ah-666-04-04%5CSP-AH-666-04-04E.pdf>.

156 *Government Response to the Second Report of the Standing Committee on Human Resources, Social Development and the Status of Persons with Disabilities*, 28 September 2006, p. 4 of 6 <http://cmte.parl.gc.ca/cmte/CommitteePublication.aspx?COM=10478&Lang=1&SourceId=179838>.

Canada's labour force participants. In this context, we support the testing of measures to strengthen incentives to work, lengthen employment spells and provide more opportunities for individuals to access workplace-based training.

Recommendation 2.16

The Committee recommends that the federal government continue to work with the provinces and territories to improve the effectiveness of measures delivered under Labour Market Development Agreements. Primary consideration should be given to improving the effectiveness of Employment Benefits and Support Measures in addressing Canada's growing skills shortages.

Recommendation 2.17

The Committee recommends that the federal government review the definition of "insured participant" under section 58 of the *Employment Insurance Act* with the intent of broadening eligibility for Employment Benefits and Support Measures.

Recommendation 2.18

The Committee recommends that, pursuant to Part V of the *Employment Insurance Act*, the federal government develop and implement pilot projects to:

- 1. Assess the impact and effectiveness of various qualification requirements and coverage conditions to identify program reforms that would strengthen work incentives, enhance employability and better address the needs of self-employed workers; and**
- 2. Assess the effectiveness of EI contribution rebates for employers who: provide training to enhance the employability of workers in seasonal employment, older workers, Aboriginal workers and workers with disabilities; alleviate specific skill shortages; and enhance the basic skills of individuals with low levels of literacy.**

Pilot project costs associated with this recommendation should not be included as part of the expenditure limit contained in section 78 of the *Employment Insurance Act*.

B. At-Risk Youth

Although the high school dropout rate in Canada has declined over the years, many young people today do not graduate from high school. In 2001, Canada's secondary school graduation rate (i.e., all graduates in a given period expressed as a percentage of the population at the typical age of graduation) was, at 75%, seven percentage points below the OECD average.¹⁵⁷ Obtaining a high school diploma is not only a necessary step in pursuing a post-secondary education, but is also important in terms of engaging in the skill upgrading that we think will become necessary for many of those who are entering the labour market today.

The Committee was told that many early school dropouts do not get a second chance to acquire a high school diploma. Moreover, we can reasonably assume that it becomes increasingly difficult to obtain a high school diploma as time away from school grows longer. Hence, prevention may be the best way to address this problem. During our hearings, we were informed of some of the initiatives that are being delivered to discourage at-risk youth from dropping out of high school and to help them make a more successful transition into the workplace.

[W]e have created a set of learning outcomes for grades 11 and 12. We have been working with six provinces at this time to give them the knowledge and experience of what the IT sector is all about through changing the curriculum that is delivered by the provincial ministry of education. So we're already doing that. It's been very successful in British Columbia. Our first delivery of it involved 100 students who were all at risk. They were students who they were afraid were not going to complete grade 11, let alone grade 12 [...] Only two of those students got jobs out of high school; the other 98 went on to post-secondary education. We think that's a very successful program. We're now working with Alberta. The Toronto District School Board has implemented it in Toronto to try to attack their 42% drop-out rate, I believe it is. So we're implementing that in a couple of the inner-city schools to be able to give them this opportunity.¹⁵⁸

Mr. Paul Swinwood
Software Human Resource Council Inc.

157 Statistics Canada and the Council of Ministers of Education, Canada, *Education Indicators in Canada: Report of the Pan-Canadian Education Indicators Program 2005*, Canadian Education Statistics Council, April 2006, p. 52 <http://www.statcan.ca/english/freepub/81-582-XIE/2006001/pdf/81-582-XIE2006001.pdf>.

158 Evidence, Meeting No. 14, October 3, 2006 at 11:40 a.m.

We have had some successful initiatives with the United Way across Canada, specifically in Ontario and Quebec, with a program called the Gateway Cafe. It was funded also by HRSDC to offer sales associate training and job internships to youth at risk. This is an incredibly successful program, which is helping a lot of youth who are disenfranchised come into the workforce and become good workers.¹⁵⁹

Ms. Diane Brisebois
Retail Council of Canada

Currently, Service Canada delivers assistance under an initiative called Skills Link, a component of the federal government's Youth Employment Strategy. This measure is designed to assist youth who are at greater risk of not making a successful transition to employment. One factor that is considered in determining whether an applicant is at risk is high school non-completion. However, in order to participate in this program, individuals must be out of school. By virtue of this criterion, at-risk youth who are destined to drop out of school are denied assistance under Skills Link unless they leave school — one of the outcomes that policy-makers are trying to prevent. Although members of the Committee recognize the need to support out-of-school youth who face difficulties making the transition into the workplace, we also think that support should be made available to prevent youth who are in school from leaving before graduation. Of course, the provision of this support would be subject to an agreement with provincial and territorial governments.

Recommendation 2.19

The Committee recommends that, subject to cost-shared funding arrangements and agreements with the provinces and territories, the federal government provide financial assistance to support measures that reduce the high school dropout rate.

159 Evidence, Meeting No. 36, November 9, 2006 at 10:25 a.m.

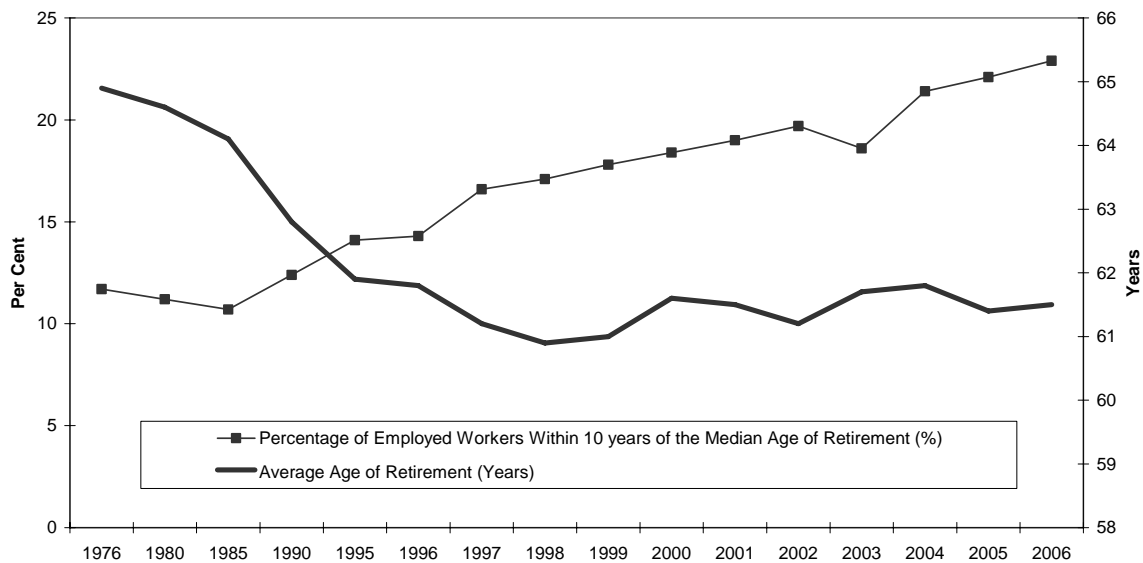
CHAPTER 3 — INCREASING LABOUR FORCE PARTICIPATION AND STRENGTHENING WORK INCENTIVES

OLDER WORKERS

As shown in Chart 3.1, the proportion of Canadian workers within 10 years of the median retirement age has almost doubled in the last 30 years. In 1976 there were about 1.14 million workers so defined. By 2006, their numbers had risen to approximately 3.8 million. This trend clearly illustrates the momentum behind labour force aging and the potential exodus of workers from the Canadian labour market in the next decade and beyond. There has, however, been a noteworthy development of late, as displayed by the cessation of the downward trend in the average age of retirement.

As evidenced by the data illustrated in Chart 3.1, the average age of retirement declined from 64.9 years in 1976 to 60.9 years in 1998 and has since risen to 61.5 years in 2006. Underlying this trend is an increase in labour force participation among older workers (defined here as individuals 55 years of age and over). Between 1996 and 2006, the labour force participation rate among individuals in this age group increased by 8.5 percentage points, almost three and one-half times the increase in the participation rate for all individuals 15 years of age and over. Also of note, the participation rate of individuals between 60 and 64 years of age and 65 years of age and over increased by 12 and 2.4 percentage points respectively during the same period.

Chart 3.1 - Percentage of Employed Workers Within Ten Years of the Median Retirement Age and the Average Age of Retirement, Canada



Source: Statistics Canada, *Labour Force Survey*, special tabulation; and the Library of Parliament.

A. Strengthening Incentives to Work

Many witnesses indicated that, in order to make work more attractive to older workers, employers need to recognize the important role older workers can play in alleviating skills shortages and, in doing so, to implement more flexible employment policies such as gradual retirement and reduced hours of work. The importance of flexible work arrangements is evident from the results of Statistics Canada's 2002 General Social Survey, which indicated that more than one-quarter of retirees might have changed their retirement decisions if they had been able to alter their work schedules.¹⁶⁰ Employers may also need to modify their workplaces to accommodate an older workforce.

There are issues around employer awareness. For example, many older workers, myself included, cannot work in low-light environments. If an employer wants me to bring my skills into his place, he has to give me a chair that supports my back and light levels so I can actually perform the work. We don't have enough awareness yet, and the government can provide leadership to say, look, we have this untapped resource of older workers, and a little bit of investment — not a huge investment — by the employer will actually get you the people you need. It will also help with knowledge transfer, so

160 R. Morissette, G. Schellenberg and C. Silver, "Retaining older workers," *Perspectives on Labour and Income*, Vol. 5. No. 10, Catalogue no. 75-001-XIE, Statistics Canada, October 2004, p.15.

younger people can have the information they need to retain the corporate vision, the institutional memory.¹⁶¹

**Ms. Elly Danica, Older Worker Transitions
Acadia Centre for Small Business and Entrepreneurship**

According to a 2005 survey of corporate executives by the Conference Board of Canada, few Canadian employers are developing strategies to deal with an aging workforce, even though most recognize that their organizations will encounter aging-related labour problems within the next five years.¹⁶² This survey revealed that “almost 80 per cent of the respondents indicated that their organizations will face problems related to an aging workforce within the next five years, with 23% admitting they are already experiencing difficulties.”¹⁶³ The absence of meaningful action to deal with this inevitable and imminent situation is worrisome.

Many witnesses expressed the view that the federal government should initiate measures to extend, on a voluntary basis, labour force participation among older workers. Given this group’s skills and experience, prolonging older workers’ attachment to work could help mitigate future skill imbalances across the country. Witnesses’ suggestions to facilitate this included eliminating mandatory retirement, phasing in retirement, enhancing financial incentives to work and providing more adjustment assistance to older workers.

1. Mandatory Retirement

While most jurisdictions in Canada have abolished mandatory retirement, some continue to treat forced retirement at age 65 as a non-discriminatory practice. British Columbia, Saskatchewan and, Newfoundland and Labrador still maintain an age cap of 65 in their human rights codes to accommodate mandatory retirement. Ontario recently abolished this practice. Only Quebec and Manitoba have banned contractual mandatory retirement (forced retirement according to the terms of a pension plan or a collective agreement).¹⁶⁴ Although mandatory retirement does not exist in the federal public service, this is not the case in other workplaces that fall under federal jurisdiction. In this regard, the Committee was reminded that section 15(1)(c) of the *Canadian Human Rights Act* states that it is not a discriminatory practice to terminate an individual’s employment because he or she has reached the normal age of retirement.

161 Evidence, Meeting No. 22, October 24, 2006 at 1:40 p.m.

162 O. Parker, “Too Few People, Too Little Time: The Employer Challenge of an Aging Workforce,” *Executive Action Report*, Conference Board of Canada, July 2006, p. 1 http://www.conferenceboard.ca/documents_EA.asp?next=1732.

163 Ibid.

164 M. Gunderson, “Banning Mandatory Retirement: Throwing Out the Baby with the Bathwater,” *Backgrounder*, C.D. Howe Institute, No. 79, March 2004, p. 5 http://www.cdhowe.org/pdf/backgrounder_79.pdf.

[W]e certainly are totally against mandatory retirement. We think it has to be choice, and what we're missing now is choice when there is mandatory retirement. We get calls almost every day. At a conference we had last week, we met someone who had worked for an airline. She said when she was 64 she was okay, and then when she turned 65 suddenly they were saying she wasn't able to do the job, but she wanted to continue working. Most people will retire. We're not even saying that most people will continue to work if they have a choice, but there should be incentives and benefits for those who do choose to work or to go back to work. We really don't promote making anyone retire at any age.

Ms. Judy Cutler
Canada's Association for the Fifty-Plus¹⁶⁵

Members of the standing committee know that mandatory retirement at age 65 is still the rule in this country. With the exception of Quebec, Ontario, and Manitoba, governments permit mandatory retirement. Indeed, the Canadian Human Rights Act includes a special provision that allows employers to dismiss workers on account of age. Compulsory dismissal at age 65 was never a justified practice. The Charter of Rights and Freedoms forbids discrimination on the basis of age, but the persistence of ageism among powerful constituencies in Canada, including governments, the courts, unions, and employers, meant that efforts over the past twenty years to end mandatory retirement were unsuccessful until the historic decision of the Ontario government.¹⁶⁶

Prof. David MacGregor
King's University College at the University of Western Ontario

While several witnesses called for the abolition of mandatory retirement in Canada, the Committee is mindful of the jurisdictional constraint associated with this proposal. In addition, the Committee stresses that its support for the abolition of mandatory retirement should not be construed as requiring older workers to work beyond the age of 65. We only intend to accommodate those who wish to do so voluntarily.

If you start depending on an aging workforce, you're going to run into health problems, and then you're no further ahead. It's got to be the younger workforce, but the training isn't there, and it should be, because that's who you're going to look to for employment. I've been working since I was 16, and it will be 50 years or more that I've worked. I worked hard as a child and I don't want to work beyond 65.¹⁶⁷

Ms. Trudi Gunia
As an Individual

165 Evidence, Meeting No. 26, October 26, 2006 at 10:55 a.m.

166 Evidence, Meeting No. 27, October 26, 2006 at 1:20 p.m.

167 Evidence, Meeting No. 3, November 10, 2006 at 9:00 a.m.

Recommendation 3.1

The Committee recommends that the Minister of Labour encourage provincial and territorial labour ministers to establish a working group to examine barriers to continued employment among workers once they reach the age of 65, especially with regard to mandatory retirement provisions that continue to operate in some parts of the country.

Recommendation 3.2

The Committee recommends that the federal government examine section 15 of the *Canadian Human Rights Act* with a view to defining as a discriminatory practice the termination of an individual's employment because he or she has reached the normal age of retirement for employees working in similar positions.

2. Public Pensions

Mandatory retirement and the absence of flexible work arrangements are not the only factors constraining labour supply decisions among older workers, many of whom also face significant financial disincentives to work. Individuals who receive the Guaranteed Income Supplement (GIS) or Allowance have their benefits reduced if they report an increase in income, such as earnings from employment. Moreover, if these individuals pay income tax on these earnings the combined effective tax rate on income from employment can be substantial.

The clawback on GIS/Allowance payments depends on an individual's marital status and on whether a spouse or common-law partner is receiving Old Age Security (OAS) or allowance payments. In the case of a single, widowed or divorced pensioner receiving the GIS, for example, monthly GIS benefits are reduced by one dollar for every \$23.99 increase in yearly income (excluding OAS) above \$24 (i.e., the reduction point). In other words, if this pensioner also pays income tax on earnings, he or she faces an effective tax rate exceeding 50%.¹⁶⁸ Even if there is no income tax paid on earnings, the GIS clawback renders paid employment an unattractive proposition.

168 It should be noted that high-income seniors must repay some or all of their OAS benefits. These OAS recipients are subject to a 15% clawback on OAS benefits if their income exceeds a certain threshold (\$63,511 in 2007). The number of seniors subject to this clawback is thought to be small, at less than 5% of individuals aged 65 and older (see: K Mulligan, "Making It Pay to Work: Improving the Work Incentives in Canada's Public Pension System," *C.D. Howe Commentary*, No. 218, October 2005, p. 4 http://www.cdhowe.org/pdf/commentary_218.pdf).

Budget 2008 proposes to increase the earnings exemption associated with the GIS to \$3,500 per year.

The *Canada Pension Plan* (CPP) also has drawbacks for those who would like to remain attached to the labour market. Although a partial CPP pension may encourage early retirement, it should be noted that this pension benefit is payable only if an applicant ceases to be engaged in paid employment or self-employment or if the applicant's estimated earnings for the year in which the retirement pension would begin to be paid is less than 25% of maximum pensionable earnings.¹⁶⁹ This eligibility condition is potentially problematic for many older workers who are forced to experience a period of unemployment in order to become eligible for a partial pension. Once unemployed, some of these workers undoubtedly face serious challenges finding another job, an issue that is afforded more discussion below.¹⁷⁰

Another potential disincentive to work associated with a partial CPP pension relates to a finding in a recent study by the CPP's Chief Actuary. According to this study, the legislated actuarial adjustment is too generous for those who elect to receive their pension before the age of 65 and not generous enough for those who elect to receive their pension after the age of 65. In other words, the plan is subsidizing those who opt for early retirement.¹⁷¹

[W]e would suggest a review of the pension and income tax policies that currently create a disincentive for mature workers to consider part-time employment, because we do see this as being a primary source of an alternative labour market for the grocery retail sector, especially considering that demographics are projecting such a shrinkage in the youth workforce, which is currently our primary source.¹⁷²

Ms. Cheryl Paradowski
Canadian Food Industry Council

169 See: Section 67(2)(c) of the *Canada Pension Plan* and section 54.3 of the *Canada Pension Plan Regulations*.

170 Organisation for Economic Co-operation and Development, *Ageing and Employment Policies: Canada*, 2005, pp. 70-71.

171 Office of the Chief Actuary, *Canada Pension Plan Actuarial Adjustment Factors Study*, March 2003, p. 38 http://www.osfi-bsif.gc.ca/app/DocRepository/1/eng/oca/studies/CPP_ActuarialStudy2_e.pdf.

172 Evidence, Meeting No. 28, October 26, 2006 at 2:50 p.m.

[W]e have been advocating and in fact in the former government the Minister of State responsible for seniors advocated a band above the low-income cut-off line that seniors could receive through working, without endangering the guaranteed income supplement. I believe the band that had been recommended was around \$2,000 or \$3,000, and we said the same. It's not to force people to work, but if they have to work to augment their income, they should not lose the benefits they have [...]¹⁷³

Mr. William Gleberzon
Canada's Association for the Fifty-Plus

Federal rules for private pension and Canadian pension plan encourage early retirement and discourage part time work past the age of 65. Pension regulations, especially those governing defined benefit plans, need to be modernized so that companies can set up phased retirement programs where mature workers can work part-time and draw on their pension to supplement their salary.¹⁷⁴

Retail Council of Canada

Recommendation 3.3

The Committee recommends that in their next triennial review of the *Canada Pension Plan* the Ministers of Finance consider possible changes to the Plan to better accommodate concurrent work and partial pension payments, and examine the need for actuarial adjustments to Canada Pension Plan payments with a view to ensuring that the impact of this program on seniors' decisions to remain in the workplace is, at the very least, neutral.

Recommendation 3.4

The Committee recommends that the federal government monitor and assess the impact of the proposal in Budget 2008 to increase the Guaranteed Income Supplement earnings exemption to \$3,500.

B. Adjustment Assistance

In concert with the upward trend in labour force participation among older workers, the level of employment (and the employment rate) among workers 55 years of age and over has increased appreciably in the last decade. Between 1996 and 2006, job creation among older workers increased by 81%, more than three and one-half times the growth in

173 Evidence, Meeting No. 26, October 26, 2006 at 11:00 a.m.

174 Retail Council of Canada, *A Submission to the Standing Committee on Human Resources, Social Development and the Status of Persons with Disabilities*, September 6, 2006, p. 9.

employment for all ages during the same period. Almost four-fifths of this increase was attributed to growth in full-time jobs. It is also noteworthy that employment growth among workers 65 years of age and over was also quite robust during this period, increasing by 62% between 1996 and 2006.

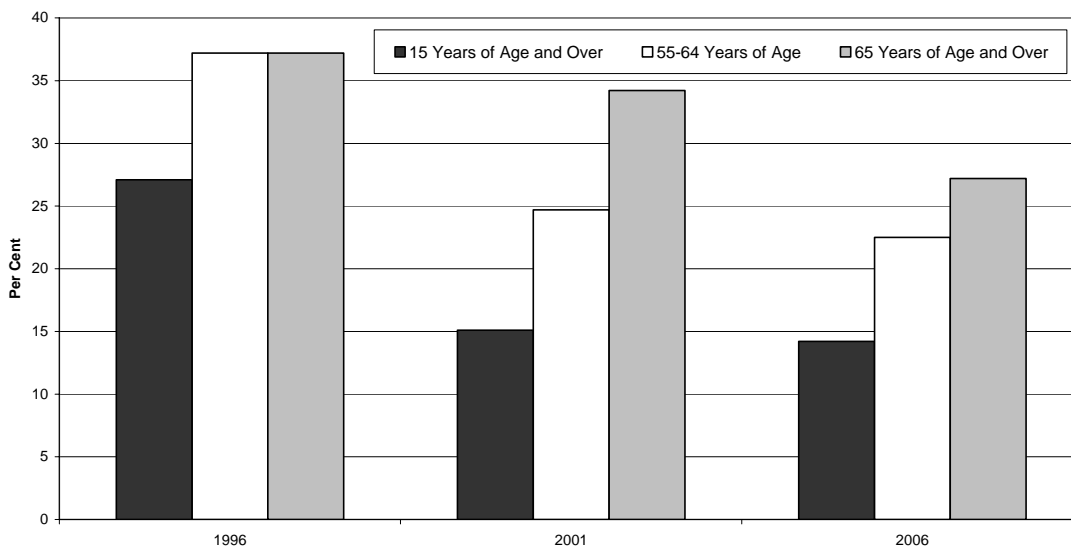
Despite the relatively robust growth in job creation among older workers in the past ten years, this group's labour market performance between 1996 and 2006, as measured by the unemployment rate, was less impressive. During this period, the unemployment rate among older workers declined from 7.3% in 1996 to 5.1% in 2006, only two-thirds of the decline in the unemployment rate for the labour market as a whole. Moreover, the unemployment rate among workers 65 years of age and over increased from 3.8% in 1996 to 4.4% in 2006.

While older workers tend to experience unemployment less frequently than their younger counterparts, when unemployment does occur older workers typically experience longer spells of joblessness. This observation is depicted in Chart 3.2, which shows the incidence of long-term unemployment (i.e., unemployment for 27 weeks or more) among older workers compared with the labour force as a whole. According to these data, the overall incidence of long-term unemployment declined between 1996 and 2006. This result is not surprising given that the national unemployment rate dropped by 3.3 percentage points during this period. Nevertheless, it is obvious from the data depicted in Chart 3.2 that proportionately more older workers experience longer periods of unemployment than their younger counterparts. Although this effect is not illustrated in this chart, in 2006, 14.7% of workers 55 years of age and over experienced unemployment for 52 weeks or more, almost 1.8 times higher than the proportion of all unemployed workers who were unemployed for 52 weeks or more.

Although there are many reasons why older workers tend to experience longer spells of unemployment than younger workers, inadequate skills and a lack of workplace training opportunities are undoubtedly key contributors. As discussed in Chapter 2 of our report, older workers have relatively fewer opportunities to participate in employer-sponsored training. In addition to a relatively shorter payback period for employers to recoup the costs of training older workers, we suspect that many older workers are unable to participate in training because a high proportion of them lack basic literacy and numeracy skills. According to the *2003 Adult Literacy and Life Skills Survey*, more than one-half of Canadians aged 46 to 65 had low literacy skills.¹⁷⁵

175 OECD and Statistics Canada, 2005, Table 2.7 B, p. 53.

Chart 3.2 - Incidence of Long-term Unemployment (27 weeks or more), by Selected Age Groups and Years, Canada



Source: Statistics Canada, *Labour Force Historical Review 2006*; and the Library of Parliament

As previously mentioned, the federal government funds a number of labour market adjustment programs, the lion's share of which is delivered under EI's Employment Benefits and Support Measures (EBSMs). According to data contained in the *Employment Insurance Monitoring and Assessment Report 2006* (the most recent available), workers 55 years of age and over were somewhat under-represented in terms of their participation in EBSMs in 2005-2006. In 2005, individuals 55 years of age and over represented roughly 14% of the labour force and 11.3% of unemployed people. Nationally, only 6.6% of similarly aged individuals participated in EBSMs in 2005-2006; this proportion varied considerably across the country from highs of 7.7% and 7.4% in British Columbia and Ontario respectively, to lows of 2.3% in Nunavut and 3.7% in the Northwest Territories.¹⁷⁶ Members of the Committee believe that older workers' participation in federal labour market programs must increase to reflect this group's growing share of the labour force.

In June 1999, the federal government introduced the Older Workers Pilot Projects Initiative, a program designed to test various approaches to helping unemployed older workers regain employment or maintain employment if job loss becomes a risk. Following a recent evaluation of this initiative, the federal government announced, on October 17, 2006, that it would introduce a federal-provincial cost-shared (70%-30%) program called the Targeted Initiative for Older Workers (TIOW). The federal government's share of funding under this program is expected to be \$70 million over two years. As of March 2008,

176 Canada Employment Insurance Commission, March 31, 2007, Chapter 3, pp. 19-37.

nine jurisdictions — British Columbia, New Brunswick, Northwest Territories, Nova Scotia, Newfoundland and Labrador, Prince Edward Island, Quebec, Saskatchewan and the Yukon — have signed agreements under this initiative.

The TIOW is targeted at older workers 55 to 64 years of age who have lost their jobs, are legally entitled to work in Canada, lack the skills needed to secure new employment and reside in communities that are experiencing high unemployment or that rely heavily on a single employer or industry affected by downsizing or a closure. Although witnesses were generally supportive of the TIOW, some raised concerns about limiting program participation to those aged 55 to 64. If the federal and provincial/territorial governments are genuinely interested in providing adjustment support to an aging workforce, consideration should be given to broadening the age-eligibility criterion under the TIOW and other labour market interventions. Furthermore, it is highly unlikely that the labour market adjustment problems currently facing older workers are concentrated in high unemployment communities or single-industry (employer) communities. It is for this reason that we recommended, in Chapter 2, the use of EI contribution rebates to help facilitate labour market adjustments among older workers (and others) across the country.

On January 23, 2007, the Minister of Human Resources and Social Development announced the appointment of an expert panel to study labour market conditions affecting older workers and potential measures to help this segment of the labour force. Members of the Committee note that this expert panel would be an appropriate vehicle for examining age- and community-eligibility criteria under the TIOW. This panel could also review the efficacy of supporting: (1) an internship initiative to assist older workers who want to remain in the workplace, but who lack job-specific experience and skills to fill job vacancies; and (2) a mentorship initiative to allow older workers to pass on their expertise to younger workers before leaving the labour force.

[S]upport mentorship programs that are not age-restricted to facilitate career development in succession. It is in this area that we're starting to address the older part of the workforce. The federal government has been very supportive with youth internships, as well as addressing the issue of school dropout, etc., and that bridge between school and work. We're seeing that there is also a very big issue that's being addressed by older workers; if we could extend those youth internship programs to include other ages, you would be able to address succession issues and career transfer issues, transition issues, for older workers as well.¹⁷⁷

Ms. Susan Annis
Cultural Human Resources Council

177 Evidence, Meeting No. 15, October 5, 2006 at 11:35 a.m.

Recommendation 3.5

The Committee recommends that the federal government examine the efficacy of broadening the age and community eligibility criteria under the Targeted Initiative for Older Workers. In addition, consideration should be given to broadening the scope of this or some other program to support internship and mentorship opportunities for older workers. In the event that the Targeted Initiative for Older Workers program is broadened, funding could come from the newly announced \$500 million investment in new labour market programming, given that one of the stated objectives of this spending is to increase the labour force participation of under-represented groups in the Canadian labour market.

ABORIGINAL WORKERS

The Aboriginal working-age population (i.e., 15 years of age and over) represents a growing segment of the Canadian labour force. According to the 2001 Census, 3.3% of Canada's total population was of Aboriginal identity (almost 1 million people).¹⁷⁸ The Aboriginal population as a percentage of the total population is largest in Nunavut (85%), the Northwest Territories (51%), the Yukon (23%) and Western Canada, particularly in Manitoba (13.6%) and Saskatchewan (13.5%). It is a young population, with a median age in 2001 that was 13 years younger than that of the non-Aboriginal population (24.7 years as opposed to 37.7 years). By 2020, it is estimated that over 400,000 young Aboriginal people will be of working age.¹⁷⁹

Canada needs a well-educated and skilled Aboriginal workforce. Research has shown that over the last decade Aboriginal people have made significant progress in terms of their educational and employment outcomes. However, their levels of education and employment are still well below those of the non-Aboriginal population.

178 According to Statistics Canada, the Aboriginal identity population includes individuals who identified themselves as North American Indian, Métis or Inuit (Eskimo), and/or who reported being Treaty Indians or Registered Indians as defined by the *Indian Act* of Canada and/or who were members of an Indian Band or First Nations. In 2001, 62% of Aboriginal people identified as North American Indian, 30% as Métis and 5% as Inuit.

179 Statistics Canada, *2001 Census: analysis series, Aboriginal Peoples of Canada: A demographic profile*, Catalogue no. 96F0030XIE2001007, January 2003 <http://www12.statcan.ca/english/census01/Products/Analytic/companion/abor/pdf/96F0030XIE2001007.pdf>.

Canada will face a skilled labour shortage as many Canadian baby boomers start retiring and the economy remains strong. At the same time, Aboriginal people in Canada are the nation's youngest and fastest growing segment of the population. We must find a way to change the high percentage of unemployment for Aboriginal people, utilizing both on- and non-reserve approaches. The Aboriginal population is the largest untapped human resource in Canada, and we believe we can solve Canada's labour shortage.¹⁸⁰

Ms. Sherry Lewis
Native Women's Association of Canada

A. Aboriginal Education

In 2001, 38.7% of Aboriginal people aged 25 to 64 had less than a high school graduation certificate, as opposed to 22.7% of the total working-age population. In terms of trades-related training, Aboriginal people achieved better rates of completion than the non-Aboriginal population (16% as opposed to 13%). However, those results are an exception, in that a smaller proportion of Aboriginal people obtained a college or university degree than non-Aboriginal individuals. Fifteen percent of Aboriginal people had a college certificate or diploma, and 8% reported having a university degree. Among the non-Aboriginal population, 18% had a college certificate and 22.6% had completed a university education.¹⁸¹

1. Barriers to Post-Secondary Education

Aboriginal learners must overcome a number of barriers to post-secondary education. According to a study published by the Canada Millennium Scholarship Foundation, these barriers include: inadequate financial resources; poor academic preparation; a lack of self-confidence and motivation; an absence of role models who have post-secondary education experience; a lack of understanding of Aboriginal culture on campus; and racism. Of all the barriers constraining Aboriginal learners from attending post-secondary education, insufficient financial resources and poor academic preparation were cited most often by First Nations people living on reserves. Financial barriers do not stem only from low incomes. The Foundation's study also revealed that Aboriginal students at the post-secondary level are, on average, older than other students and are more likely to be married and/or to have children. These student characteristics tend to augment household expenses and the need for child care.¹⁸² Hence, effective financial assistance

180 Evidence, Meeting No. 64, March 22, 2007 at 3:50 p.m.

181 Statistics Canada, *2001 Census: analysis series, Education in Canada: Raising the standard*, Catalogue no. 96F0030XIE2001012, 2003
<http://www12.statcan.ca/english/census01/Products/Analytic/companion/educ/pdf/96F0030XIE2001012.pdf>.

182 Canada Millennium Scholarship Foundation, *Changing Course: Improving Aboriginal Access to Post-Secondary Education in Canada*, Millennium Research Note #2.

programs for Aboriginal students must account for the financial needs of an older student population and single parents.¹⁸³

2. Federal Programs Supporting Aboriginal Education

Indian and Northern Affairs Canada (INAC) spends about \$1.6 billion on elementary, secondary, and post-secondary education for First Nations and Inuit students. The Department supports the provision of elementary and secondary education programs and services for First Nations students and offers financial support for post-secondary education to Inuit and First Nations (Status Indians) residing on or off reserves.¹⁸⁴

The Post-Secondary Student Support Program (PSSSP) and the University College Entrance Preparation Program (UCEP) provide financial assistance to help cover the costs of tuition, books, travel and living expenses. The Indian Studies Support Program (ISSP) also provides support “to post-secondary institutions for the development and delivery of special programs for Indians.”¹⁸⁵ The three support programs are administered and delivered almost exclusively by First Nations Bands, whose Councils define their own selection criteria and policies.¹⁸⁶ INAC has a budget of about \$300 million for post-secondary education programs. Most of this funding is earmarked for the Post-Secondary Student Support Program.¹⁸⁷

According to a recent evaluation of INAC’s Post-Secondary Student Support Program, this program is relevant and effective. Most program participants indicated that they would not have obtained a post-secondary education without the support of this program. However, resources are limited and the guidelines for living allowances under the PSSSP are outdated. The demand for financial assistance exceeds the resources available. Organizations administering PSSSP funds indicated that about 22% of applicants were put on a waiting list. On the basis of all the information available, evaluators concluded that each year about 3,575 applicants are unable to access financial

183 In response to these findings, the Foundation launched pilot projects, Making Education Work and LE, NONET, to better prepare Aboriginal students for post-secondary education and to help lower the costs of their studies. The effectiveness of these pilot projects will be carefully measured but final results are not expected until 2010. For more information on these pilots projects, see Canada Millennium Scholarship Foundation, *Pilot Projects* <http://www.millenniumscholarships.ca/en/research/Pilot.asp>.

184 Métis and Non- status First Nations students are not eligible to receive financial support offered through INAC’s post-secondary programming. They can apply to receive financial support under the Canada Student Loans Program and other funding sources that are available to all non-Aboriginal learners, as well as to Inuit and Registered First Nations people.

185 Indian and Northern Affairs Canada, *Post-Secondary Education Programs* http://www.ainc-inac.gc.ca/ps/edu/ense_e.html.

186 R.A. Malatest & Associates Ltd., *Aboriginal Peoples and Post-Secondary Education: What Educators Have Learned*, prepared for the Canada Millennium Scholarship Foundation, January 2004, p. 19.

187 Indian and Northern Affairs Canada, *Fact Sheet — Education* http://www.ainc-inac.gc.ca/nr/prs/s-d2004/02539bbk_e.html.

assistance under the PSSSP because of a lack of funding.¹⁸⁸ According to the Assembly of First Nations, about 9,500 First Nations students who are eligible and looking to attend post-secondary education are on waiting lists.

The employment rate for Aboriginal people in Canada is well below the rate for non-Aboriginal people, and there is a significant disparity between Aboriginal and non-Aboriginal students enrolled in post-secondary education. Current federal funding programs are not accessible to all Aboriginal students who should have the option of accessing them. Additionally, federal funding has reached its maximum, which does not account for rising costs of tuition and the increase in Aboriginal enrolment. Developing a more highly skilled and educated Aboriginal population is vital for the future economic and social development of Canada.¹⁸⁹

Sustained Poverty Reduction Initiative

The House of Commons Standing Committee on Aboriginal Affairs and Northern Development recently completed a study of Aboriginal post-secondary education and came to similar conclusions. While recognizing the progress made by Aboriginal and non-Aboriginal stakeholders in developing and delivering post-secondary programming to Aboriginal learners, the report states that “it appears there are uncounted numbers of aspiring Aboriginal learners who are unable to gain access to the funding they need to enroll in post-secondary programs.”¹⁹⁰ Although the report deals mainly with funding provided under INAC’s post-secondary education program, the lack of funding to meet the needs of Métis and non-registered First Nations learners is also recognized as a problem that requires immediate attention.

To support and encourage the attainment of higher levels of education by all Aboriginal learners, including Aboriginal populations that are not eligible to receive support under INAC’s programs, the federal government announced in 2003 a one-time \$12 million endowment to establish a new post-secondary scholarship. The scholarship is offered to First Nations (status and non-status), Métis and Inuit learners enrolled full-time or part-time in programs of two or more academic years in duration. The scholarship fund is administered and delivered by the National Aboriginal Achievement Foundation (NAAF).¹⁹¹

188 Indian and Northern Affairs Canada Corporate Services, *Evaluation of the Post-Secondary Education Program*, Project 01/29, prepared by the Departmental Audit and Evaluation Branch, June 2005 http://www.ainc-inac.gc.ca/pr/pub/ae/ev/01-29/01-29_e.pdf.

189 Sustained Poverty Reduction Initiative, *Federal Policy Recommendations Regarding Employability in Canada*, Brief to the Standing Committee on Human Resources, Social Development and the Status of Persons with Disabilities, October 30, 2006, p. 4.

190 House of Commons Standing Committee on Aboriginal Affairs and Northern Development, *No Higher Priority: Aboriginal Post-Secondary Education in Canada*, February 2007, p. 29 <http://cmte.parl.gc.ca/Content/HOC/committee/391/aano/reports/rp2683969/aanorp02/aanorp02-e.pdf>.

191 For more information on the National Aboriginal Achievement Foundation, see its Web site at: http://www.naaf.ca/html/education_program_e.html.

In Budget 2005, the federal government committed an additional \$10 million in 2005-2006 to the NAAF to support the post-secondary education aspirations of Aboriginal students.

B. Aboriginal Labour Market Participation

Aboriginal people are also under-represented in the labour market. In 2001, the employment rate (i.e., employment expressed as a percentage of the population 15 years of age and over) for the Aboriginal population was 49.7%, well below the rate of 61.8% for non-Aboriginal people. These differences vary according to residential location and educational attainment. Aboriginal people living in urban metropolitan areas are more likely to be employed than those living elsewhere, particularly those living on reserves. Reserves are often located in remote locations and generally offer few employment opportunities. Approximately 53% of First Nations individuals live on reserves. In 2001, the employment rate was 37.7% for people living on reserves, compared with 54.2% for those who were living in non-reserve areas. Not surprisingly, the employment rate also increases with higher levels of educational attainment. Slightly over 82% of Aboriginal people (25 to 64 years old) with a university degree were employed in 2001, compared with 43% of those with some high school education or less.¹⁹²

In 2001, Aboriginal people aged 15 years and over were more likely to be unemployed (19.1%) than the non-Aboriginal population (7.1%) in 2001.¹⁹³ The Committee was told that the unemployment rate for those living on reserves was as high as 28%. There were also clear variations from one region of the country to another. Aboriginal unemployment rates in Manitoba and Saskatchewan were three to four times those of the non-Aboriginal population (18% and 22% respectively).¹⁹⁴ These high unemployment rates are unjustifiable, particularly in view of the fact that Canada is experiencing skills shortages in certain economic sectors and regions of the country.

192 Statistics Canada, *The Canadian Labour Market at a Glance 2005*, Catalogue no. 71-222-XIE, June 2006, pp. 95-97 <http://www.statcan.ca/english/freepub/71-222-XIE/71-222-XIE2006001.pdf>.

193 The unemployment rate of 19.1% among Aboriginal people represents, however, a significant decline from a rate of 24% registered in 1996. *Ibid.*, p. 95 <http://www.statcan.ca/english/freepub/71-222-XIE/71-222-XIE2006001.pdf>.

194 These findings are particularly relevant since 61% of Aboriginal people lived in Western Canada in 2001. A recent study published by Statistics Canada shows that Aboriginal people in Western Canada have improved their labour market performance since 2001, but substantial gaps remain between Aboriginal and non-Aboriginal individuals. For more information on this study, see: Jacqueline Luffman and Deborah Sussman, "The Aboriginal labour force in Western Canada" in *Perspectives on Labour and Income*, Vol. 8, no. 1, Statistics Canada, Catalogue no. 75-001-XIE, January 2007, pp. 13 - 27 <http://www.statcan.ca/english/freepub/75-001-XIE/10107/art-2.pdf>. For more information on education and labour market trends facing Aboriginal people in Western Canada, see: Ben Brunnen, *Working Towards Parity: Recommendations of the Aboriginal Human Capital Strategies Initiative*, Building the New West Report #24, Canada West Foundation, February 2004; and Ben Brunnen, *Achieving Potential: Towards Improved Labour Market Outcomes for Aboriginal People*, Building the New West Project Report #19, Canada West Foundation, September 2003 [http://www.cwf.ca/abcalcwfd/doc.nsf/\(Publications\)/7A5543A67268D8C687256DB0007BA6F3/\\$file/Achieving%20Potential.pdf](http://www.cwf.ca/abcalcwfd/doc.nsf/(Publications)/7A5543A67268D8C687256DB0007BA6F3/$file/Achieving%20Potential.pdf).

1. Barriers to Employment

The reasons underlying low labour force participation rates and the high unemployment rates among Aboriginal people are complex and not yet fully understood. However, it is clear that high school completion rates must be addressed, access to post-secondary education must be facilitated, and barriers to employment must be dealt with if we are to improve the socio-economic status of Aboriginal people.

Research has also shown that poor health, poverty, unsuitable living conditions (e.g., inadequate housing), racism and discrimination have a direct impact on the social, educational, and occupational achievements of Aboriginal people.¹⁹⁵ Income is a basic indicator of economic well-being. The 2001 Census shows that there is a significant income gap between Aboriginal and non-Aboriginal people in Canada. In 2000, the median income of the Aboriginal population was \$13,525, compared with \$22,431 for the non-Aboriginal population. Aboriginal people who worked year-round, full time earned on average \$33,416, whereas non-Aboriginal working Canadians had average earnings of \$43,486.¹⁹⁶

To increase employment opportunities for Aboriginal people, we also need to consider mobility issues. Aboriginal individuals are much more mobile than other Canadians. In the year before the 2001 Census, 22% of Aboriginal people had moved compared with only 14% of non-Aboriginal people. Of those who moved, about one-third had moved to another community.¹⁹⁷ Young people moving off reserves to urban centres face particular challenges in their search for employment outside their own community. All of the activities associated with relocation must be accomplished without the support of the community and family they leave behind on reserves. They face language and cultural barriers. They must find suitable housing, look for a job and create a new social support network. The Committee was told that Aboriginal women face similar relocation challenges with the added difficulty that, as many are also single mothers, they need access to affordable, quality child care services that reflect Aboriginal culture and practices.

195 For more information on the health status of Aboriginal people in Canada as well as an assessment of the current gaps in information on their health status, see: Health Council of Canada, *The Health Status of Canada's First Nations, Métis and Inuit Peoples*, A background paper to accompany *Health Care Renewal in Canada: Accelerating Change* (January 2005), Toronto, 2005. For more information on Aboriginal housing, see: Canada Mortgage and Housing Corporation, *Canadian Housing Observer 2005*, with a special feature on Aboriginal housing, 2005, pp. 39-43.

196 Statistics Canada, 2001 Census, Topic-based Tabulations <http://www12.statcan.ca/english/census01/products/standard/themes/RetrieveProductTable.cfm?Temporal=2001&PID=73634&APATH=3&GID=355313&METH=1&PTYPE=55496&THEME=45&FOCUS=0&AID=0&PLACENAME=0&PROVINCE=0&SEARCH=0&GC=0&GK=0&VID=0&VNAMEE=&VNAMEF=&FL=0&RL=0&FREE=0>.

197 Statistics Canada, *2001 Census: analysis series, Aboriginal peoples of Canada: A demographic profile*, Catalogue no. 96F0030XIE2001007, January 2003, p. 11 <http://www12.statcan.ca/english/census01/Products/Analytic/companion/abor/pdf/96F0030XIE2001007.pdf>.

Our studies have found that child care and the costs of child care are difficult to access, and they are insufficient. This leads to single mothers having to carry the burden of child care on their own or having to receive government benefits and pass up the opportunities to train to re-enter the job market. Current initiatives do not have set-aside budgets for child care and limit the ability of aboriginal women to receive training by having such restrictive criteria.¹⁹⁸

Ms. Sherry Lewis
Native Women's Association of Canada

If you want to talk about employability, I would argue that the number one priority this committee should have is single women with children. If you get that young mother graduated through a program and into a well-paying job, you change her life and you change her child's life. Having been raised by a single mother, I can assure you that this mother will not allow her child not to succeed. She'll know the benefits and what it takes, and it will be a remarkable outcome for all of Canada. That's what I would say would be the ultimate success story.¹⁹⁹

Mr. Peter Dinsdale
National Association of Friendship Centres

2. Enhancing Aboriginal Training and Labour Market Participation

During our hearings, some witnesses expressed concerns regarding the under-representation of Aboriginal people in the labour market and made suggestions to remove barriers to their full participation in education and employment. Most recognized that the Aboriginal population is part of the solution to existing and anticipated skills shortages. They also see the current labour market challenges as an opportunity to reduce the socio-economic woes that afflict Aboriginal people across Canada.

Aboriginal peoples and recent immigrants are experiencing very high rates of poverty and a very bad employment and employability situation, yet these are the very people we need to fill the gaps in our labour market resulting from Canada's aging population.²⁰⁰

Mrs. Sheila Regehr
National Council of Welfare

In our view, the acquisition of higher education, training and skills development provide the most promising approaches to increasing the labour market participation and living standards of Aboriginal people. The significance of education, apprenticeship training and the acquisition of basic skills in enhancing the participation of Aboriginal people in the

198 Evidence, Meeting No. 64, March 22, 2007 at 3:50 p.m.

199 Ibid. at 4:50 p.m.

200 Evidence, Meeting No. 13, September 28, 2006 at 11:15 a.m.

economy was also highlighted in a recent report entitled *Sharing Canada's Prosperity — A Hand Up, Not a Handout*.²⁰¹

In light of the interest shown by Aboriginal people in trades-related occupations, some witnesses suggested that efforts should be made to facilitate Aboriginal participation in apprenticeship training and ensure that those who complete their training find jobs. A number of witnesses also indicated that there is a need for employers, Aboriginal workers and agencies that serve Aboriginal people to collaborate in the development of initiatives to provide the necessary supports to increase Aboriginal workers' mobility and facilitate smoother transitions into the workplace. Some witnesses also thought that "mentorship programs" could be created so that Aboriginal people who have succeeded in breaking down the barriers to better employment could assist others to do the same.

In both Alberta and British Columbia, aboriginal people who have completed post-secondary education have higher participation rates than the non-aboriginal population with post-secondary education. Again, that is an indication that education matters.²⁰²

Ms. Maryanne Webber
Statistics Canada

As an example, there's little doubt that over the next five to seven years, Saskatchewan's tar sands will start to be developed just like Alberta's. The demand for skilled labour in this and other skill-starved sectors as well as other occupations could be filled by aboriginal people, but only if we start working on this now. We need a massive increase in financially supported academic and apprenticeship training opportunities for aboriginal people, and we need to start that now.²⁰³

Mr. Larry Hubich
Saskatchewan Federation of Labour

It's all about removal of barriers for aboriginal people to participate. It's all about significant investment by employers in making sure that aboriginal employees not only can be hired but can be retained and promoted. On the mining side, I think they've done an admirable job of training.²⁰⁴

Mr. Mark Hanley
Saskatchewan Labour Force Development Board

201 Standing Senate Committee on Aboriginal Peoples, *Sharing Canada's Prosperity — A Hand Up, Not a Handout*, Final Report, Special Study on the involvement of Aboriginal communities and businesses in economic development activities in Canada, March 2007 <http://www.parl.gc.ca/39/1/parlbus/commbus/senate/com-e/abor-e/rep-e/rep06-e.pdf>.

202 Evidence, Meeting No. 7, June 13, 2006 at 9:25 a.m.

203 Evidence, Meeting No. 37, November 10, 2006 at 8:55 a.m.

204 Evidence, Meeting No. 38, November 10, 2006 at 11:20 a.m.

C. Federal Programs Promoting Employment for Aboriginal People

To increase the labour market participation of Aboriginal people and their standard of living, the federal government funds a number of education, training and employment services. Human Resources and Social Development Canada (HRSDC) oversees the Aboriginal Human Resources Development Strategy (AHRDS), an initiative launched in 1999 to facilitate labour market adjustment among Aboriginal people.²⁰⁵ The Strategy was renewed in 2004 for a second five-year period with a total budget of \$1.64 billion.²⁰⁶ In 2006-2007, HRSDC spent \$281.4 million under the AHRDS.²⁰⁷ Funding under the Strategy is distributed via approximately 80 Human Resources Development Agreement holders, who design and deliver labour market, youth and child care²⁰⁸ programs and services best suited to meet the local and regional needs of their communities. These programs and services help Aboriginal people prepare for, obtain and maintain employment and assist Aboriginal youth (15 to 30 years of age) in making a successful transition from school to work. According to HRSDC's latest performance report, in 2006-2007 approximately 54,797 Aboriginal clients received assistance through the Strategy; of these 16,540 became employed or self-employed, and approximately 5,785 returned to school.²⁰⁹ Each year, the AHRDS supports about 7,500 child care spaces.²¹⁰

Other initiatives that complement the AHRDS include the Aboriginal Human Resource Council of Canada (a sector council) and the Aboriginal Skills and Employment Partnership (ASEP) program. The Council was established in 1998. Its goal is to develop career opportunities for Aboriginal people through partnerships with the private sector, Aboriginal organizations and various levels of government.²¹¹ The ASEP program was introduced in 2003 as a five-year initiative with a budget of \$85 million. As of February

205 For more information on the Aboriginal Human Resources Development Strategy, see: http://srv119.services.gc.ca/AHRDSInternet/general/public/thestrategy/thestrategy_e.asp.

206 Canada Employment Insurance Commission, March 31, 2006, p. 27 http://www.hrsdc.gc.ca/en/ei/reports/eimar_2005.pdf.

207 Human Resources and Social Development Canada, *2006-2007 Departmental Performance Report*, 2007, p. 58 <http://www.tbs-sct.gc.ca/dpr-rmr/2006-2007/inst/csd/csd-eng.pdf>.

208 Funding for child care is provided through the First Nations and Inuit Child Care Initiative. This initiative was created in 1995 and is currently being administered under the AHRDS. Child care services are delivered through 56 regional First Nations and Inuit organizations that have signed Human Resources Development Agreements. The current ongoing budget for this initiative is \$50.1 million, "of which 87 per cent is allocated to First Nations communities while the remaining 13 per cent goes to Inuit communities." See Indian and Northern Affairs Canada, *Fact Sheet — The First Nations and Inuit Child Care Initiative* http://www.ainc-inac.gc.ca/ps/ecde/fni_e.html.

209 Human Resources and Social Development Canada, 2007, p. 53 <http://www.tbs-sct.gc.ca/dpr-rmr/2006-2007/inst/csd/csd-eng.pdf>.

210 Human Resources and Social Development Canada, *Aboriginal Labour Market Development*, Presentation to the Standing Committee on Human Resources, Social Development and the Status of Persons with Disabilities, March 22, 2007, p. 10.

211 Service Canada, *Aboriginal Human Resources Development Strategy (AHRDS) Sector Council* http://srv119.services.gc.ca/AHRDSInternet/general/public/SectorCouncil/SectorCouncil_e.asp.

2006, all of the funding for this initiative had been invested in nine projects established across the country.²¹² It is estimated that these projects will result in over 5,000 Aboriginal clients being trained for over 3,000 long-term, sustainable jobs in various sectors, such as mining, oil and gas, forestry, construction and fisheries.²¹³ Budget 2007 has allocated an additional \$105 million over five years to expand this program. It is anticipated that this increase will lead to 9,000 Aboriginal people receiving skills training and to 6,000 careers being created in major economic development projects.²¹⁴

I noticed a doubling of the ASEP program in the budget. It's great and good news, but it's not even close to the amount of investment in human resources and human capital that is necessary to deal with that. If we don't make a financial and political shift, we're going to miss out enormously.²¹⁵

Mr. Karl Flecker
Canadian Labour Congress

INAC offers two main programs to expand economic and employment opportunities for Aboriginal people. The Aboriginal Workforce Participation Initiative (AWPI) educates and informs employers about the advantages of hiring, retaining, and promoting Aboriginal people and works in partnership with various businesses and organizations to enhance the labour force participation of Aboriginal people throughout Canada.²¹⁶ The Procurement Strategy for Aboriginal Business (PSAB) helps Aboriginal firms do more contracting with federal departments and agencies. In 2006, 5,087 federal contracts worth \$463 million were awarded to Aboriginal businesses.²¹⁷

To support the development and enhancement of essential employability skills and to expose youth to work experience, INAC administers four programs offered under the First Nations and Inuit Youth Employment Strategy, a component of the federal government's Youth Employment Strategy. These programs include the First Nations and Inuit Youth Work Experience Program, the First Nations and Inuit Summer Employment Opportunities Program, the First Nations and Inuit Science and Technology Program, and the First Nations and Inuit Career Promotion and Awareness Program. In 2006-2007,

212 Service Canada, *Aboriginals Skills and Employment Partnership Program (ASEP)* http://srv119.services.gc.ca/AHRDSInternet/general/public/asep/asep_e.asp.

213 Service Canada, *Aboriginals Skills and Employment Partnership Program (ASEP)*, Fact Sheet http://srv119.services.gc.ca/AHRDSInternet/general/public/asep/FAQ_e.asp.

214 Evidence, Meeting No. 64, March 22, 2007 at 3:40 p.m.

215 Evidence, Meeting No. 62, March 20, 2007 at 4:55 p.m.

216 For more information, see Indian and Northern Affairs Canada, *What is the Aboriginal Workforce Participation Initiative?* http://www.ainc-inac.gc.ca/ai/awpi/ini_e.html.

217 Indian and Northern Affairs Canada, Canadian Polar Commission and Indian Specific Claims Commission, *Performance Report for the period ending March 31, 2007*, 2007, p. 33 <http://www.tbs-sct.gc.ca/dpr-rmr/2006-2007/inst/ian/ian-eng.pdf>.

approximately 122,000 young Aboriginal people received support under the First Nations and Inuit Youth Employment Strategy.²¹⁸

The federal government has also implemented a number of legislative measures to promote equality and safeguard people from discriminatory practices. Aboriginal people represent one of four designated groups whose under-representation in employment is covered under the *Employment Equity Act*. In addition, the federal government launched a Racism-Free Workplace Strategy as part of *A Canada for All: Canada's Action Plan Against Racism*, initiated in 2005. Activities undertaken under this Strategy aim to remove discriminatory barriers to employment, job retention and upward mobility, and to promote a fair, productive and inclusive labour market. Aboriginal people and visible minorities are two groups that are particularly affected by racism in the workplace.²¹⁹

Our second area of progress in the Labour Program is the Racism-Free Workplace Strategy. This strategy is vital to Canada's continued success, because in facing world markets, it ensures we are able to count on a highly competitive workforce that is uniquely rooted in diversity and inclusiveness. But let's be clear, this is the shared responsibility of employers, employees, government, business, and labour organizations. That's why this strategy is key. I recently completed a five-city tour to promote racism-free workplaces and the removal of barriers to employment and upward mobility for visible minorities and Aboriginal peoples. I announced our plan to hire nine anti-racism officers, whose mandate will be to work in the following three areas: to promote workplace integration of racial minorities — in other words, to be inclusive; to build a network between community resources and employers; and to provide tools and assistance to employers working toward equitable representation in their workforce.²²⁰

Hon. Jean-Pierre Blackburn
Minister of Labour

D. Closing the Gap in Socio-Economic Outcomes between Canada's Aboriginal and Non-Aboriginal People

Members of the Committee believe that the federal government must continue to invest in Aboriginal human capital and other initiatives that aim to close the gap in socio-economic outcomes between Canada's Aboriginal and non-Aboriginal populations. The federal government must work in partnership with provincial and territorial governments, the business sector and Aboriginal organizations to create sustainable economic opportunities for Aboriginal people. We must ensure that Aboriginal children and youth have the necessary literacy skills, education, and training to meet current and future labour

218 Ibid., p. 25.

219 Human Resources and Social Development Canada, *Summary Report for the Engagement Sessions for a Racism-Free Workplace*, by John Samuel and Associates Inc. for Labour Program, March 2006 http://www.hrsdc.gc.ca/en/lp/lo/lsw/we/special_projects/RacismFreeInitiative/consultation-2005/Summary-Report-2005.pdf.

220 Evidence, Meeting No. 17, October 19, 2006 at 11:15 a.m.

market demands. Aboriginal learners must be able to access, finance and complete apprenticeship programs and other post-secondary education programs. Innovative solutions must also be implemented to facilitate their transition from education to employment. Such innovations might include offering pre-employment training to provide information about the workplace culture and clarify employer expectations, as well as using Aboriginal employment role models or mentors to motivate young people to pursue an education or a particular career. Discriminatory barriers in the workplace that limit Aboriginal employment opportunities must be eliminated through measures such as campaigns to raise employers' awareness of diversity issues. Other barriers to employment, such as the crisis in Aboriginal housing, relocation issues and the need for adequate funding for Aboriginal child care, must also be addressed to ensure that Aboriginal people have an equal opportunity to join the labour force. Federal programs and services offered to Aboriginal people and organizations must be culturally sensitive and inclusive.

Recommendation 3.6

The Committee recommends that Human Resources and Social Development Canada conduct a comprehensive evaluation, in full consultation with Aboriginal groups, of the Aboriginal Human Resources Development Strategy to assess the results to date and to determine whether the Strategy can: meet the needs of Aboriginal working parents (particularly single mothers); meet the needs of a rapidly growing young Aboriginal population that will reach working age in the near future; and achieve its long-term goal of raising the Aboriginal employment rate to a level comparable to that found among non-Aboriginal Canadians. Based on the results of this evaluation, the federal government should, if necessary, dedicate additional resources as needed, in particular by adopting long-term strategies of ten years to provide Aboriginal organizations, including band governments, planning and consultation time in the beginning years so they can take full advantage of the opportunities offered, and make any necessary modifications to the Strategy to enhance its effectiveness in meeting the employability needs of Aboriginal people.

Recommendation 3.7

The Committee recommends that the federal government, in partnership with provincial/territorial governments and Aboriginal stakeholders, take immediate steps to strengthen the commitment to provide high-quality, culturally relevant elementary and secondary education to Aboriginal students. Indian and Northern Affairs Canada should develop culturally sensitive measures and programs to reduce the high school drop-out rate among Aboriginal students and to better prepare students for post-secondary education. Pilot projects that would allow students to be linked with successful Aboriginal mentors

should be used to strengthen school attendance and completion. The Committee recognizes the particular need to address education for First Nations and Aboriginal people from a lifelong learning perspective which includes: early childhood development; kindergarten to grade 12; post-secondary education; adult education and training. Part of this approach must include a commitment to build more schools on reserves to address the chronic lack of classroom space.

Recommendation 3.8

The Committee recommends that the federal government commit to better supporting Indigenous education institutions, taking into consideration the proposals in Budget 2008.

Recommendation 3.9

The Committee recommends that the federal government take the necessary steps to improve access to post-secondary education for Aboriginal people. Among other initiatives, the eligibility criteria for the Post-Secondary Student Support Program and the University College Entrance Preparation Program offered through Indian and Northern Affairs Canada should be broadened, and the budget for these programs should be increased and indexed to growth in the Aboriginal post-secondary school-age population. The federal government must continue to support the Indian and Northern Affairs Canada Post-Secondary Student Support Program and consider removing the two-per cent cap instituted in 1996.

Recommendation 3.10

The Committee recommends that the federal government, in collaboration with provincial/territorial governments and Aboriginal stakeholders, develop a program to raise awareness among Aboriginal people about the importance of, and economic benefits associated with, completing a post-secondary education.

Recommendation 3.11

The Committee recommends that Human Resources and Social Development Canada encourage the participation of Aboriginal people in trades-related training by working with Aboriginal stakeholders to examine initiatives and budgets geared specifically to meeting the needs of Aboriginal workers.

Recommendation 3.12

The Committee recommends that the federal government continue to support and implement fully the Racism-free Workplace Strategy to reduce discriminatory barriers to employment, promote a better understanding of Aboriginal cultural issues, and promote the socio-economic advancement of Aboriginal people.

Recommendation 3.13

The Committee recommends that the federal government, in partnership with other governments and Aboriginal stakeholders, develop innovative solutions to relocation problems that arise when Aboriginal people, especially youth and women, move to urban centres in search of employment.

Recommendation 3.14

The Committee recommends that the federal government examine the feasibility of developing incentive-based programs to encourage partnerships between employers operating near reserves and Aboriginal stakeholders that would foster training and employment opportunities on or near reserves.

Recommendation 3.15

The Committee recommends that the federal government, in partnership with provincial/territorial governments and Aboriginal organizations, develop a national Aboriginal housing policy to address the needs of Aboriginal people living on and off reserves. To maximize the socio-economic benefits of this policy, skills training should be provided to Aboriginal people who are interested in jobs related to residential construction, housing services and other occupations in the housing industry.

Recommendation 3.16

The Committee recommends that the federal government recommit to an Aboriginal Business Strategy, in which it would support Aboriginal economic development by setting fixed targets to make Aboriginal-owned businesses a preferred supplier of services and materials, especially in remote and northern regions.

WORKERS WITH DISABILITIES

In 2006, according to Statistics Canada's Participation and Activity Limitation Survey (PALS), about 2.5 million Canadians aged 15 to 64 reported some form of disability, yielding a disability rate of 11.5% for the total working-age population.²²¹ As Canada's population ages we can expect the proportion of people with disabilities to rise. The disability rate is higher among Aboriginal people: a recent report estimated that some 31% of Aboriginal people may have a disability.²²²

Studies have shown that, compared with adults without disabilities, Canadian adults with disabilities are less likely to have completed higher levels of education, less likely to be employed, and more likely to have a low income. In 2001, the most recent year for which national data have been published, 37% of persons with disabilities reported that they had less than a high school education. About 13% had a trades certificate or diploma, another 16% had a college education, and a little over 11% had a university education.²²³ Among the population without disabilities, approximately 23% had a university education.

As we have seen in other groups in the labour market, the employment rate among people with disabilities increases with the level of education. However, many people with disabilities who have completed a post-secondary education have difficulty finding employment. In 2001, slightly more than 41% of working-age people with disabilities were employed compared with almost 74% of those without disabilities.²²⁴ Despite this sizeable gap in employment rates between these two groups, the employment situation of people with disabilities has improved since 1999. For example, in the western provinces (Manitoba, Saskatchewan and Alberta) where skills shortages are more acute, the employment rate for persons with disabilities has increased. Although people with disabilities are less likely to be employed in provinces with weaker economies, it should be noted that the employment rate among persons with disabilities living in those provinces has also increased in the last six years.²²⁵

221 Statistics Canada, *Participation and Activity Limitation Survey 2006: Analytical Report*, Catalogue no. 89-628-XIE, December 2007, p. 9, <http://www.statcan.ca/english/freepub/89-628-XIE/89-628-XIE2007002.pdf>.

222 Human Resources and Social Development Canada, *Advancing the Inclusion of People with Disabilities 2006*, Chapter 3, 2006, p. 55 <http://www.hrsdc.gc.ca/en/hip/odi/documents/advancingInclusion06/messagefromtheminister.shtml>.

223 Statistics Canada, *Education, employment and income of adults with and without disabilities — Tables*, Participation and Activity Limitation Survey, 2001, Catalogue no. 89-587-XIE, September 2003 <http://www.statcan.ca/english/freepub/89-587-XIE/pdf/89-587-XIE03001.pdf>.

224 Ibid.

225 Human Resources and Social Development Canada, *Advancing the Inclusion of People with Disabilities*, Chapter 3, 2006, p. 43.

In every sector in Alberta, we've seen businesses take on more folks from the non-traditional labour groups and have success in hiring them. The biggest increase has been among people with disabilities, with the number of firms having successfully hired them going from 16% to 27%. So they are moving in that direction.²²⁶

Ms. Corinne Pohlmann
Canadian Federation of Independent Business

A. Barriers to Employment

Approximately 49% of working-age individuals with disabilities are not in the labour force. The Committee was told that a significant number of these individuals could work if it were not for the array of barriers they face (Statistics Canada estimates that in 2001 approximately 660,000 people with a disability could have worked).²²⁷ The integration of these individuals into the workforce could help offset current and anticipated skills shortages. However, to achieve this goal, barriers to employment must be addressed. Those barriers include negative attitudes, inaccessible infrastructure and transportation services, a lack of education and training, a lack of accommodation in the workplace, and low availability and portability of disability-related supports.

One of the first findings that we can make is that a large percentage of persons with disabilities are currently inactive but feel they are able to work. However, these people say they experience problems of all kinds, such as negative perceptions by employers, transportation problems and a lack of training and experience. And yet persons with disabilities constitute a skilled labour force and are part of the response to the major labour shortage problem we are facing.²²⁸

Ms. Nancy Moreau
SPHERE-Québec

If we ensure that people have at least high school education, get back for some retraining, and get the disability supports they require — for example, the help from other people, technologies, wheelchairs, medications and so on — and if we ensure that the community transportation system is accessible for people, the chances are very good that the employment levels for people with disabilities will be very close to those of other Canadians.²²⁹

Mr. Cameron Crawford
Canadian Association for Community Living

226 Evidence, Meeting No. 65, March 27, 2007 at 9:30 a.m.

227 Statistics Canada, *Employability Issues*, For the Standing Committee on Human Resources, Social Development and the Status of Persons with Disabilities, Ottawa, June 13, 2006, p. 13.

228 Evidence, Meeting No. 23, October 25, 2006 at 8:55 a.m.

229 Evidence, Meeting No. 30, October 27, 2006 at 11:20 a.m.

They don't understand what they need to do to accommodate somebody with a disability. I think understanding that is the biggest barrier for them. Rather than trying to understand, they'd rather look elsewhere. In jurisdictions where they have no choice — and I think in Alberta you're seeing huge advancements in that particular area — employers are looking at people with disabilities more and more, because their options are fewer and they're making the accommodations they need. I think the biggest barrier is fear. They just don't know what they need to do to accommodate somebody with a disability.²³⁰

Ms. Corinne Pohlmann
Canadian Federation of Independent Business

1. Unmet Needs for Disability-Related Supports

Many witnesses indicated that the lack of accessibility to disability-related supports is a major barrier to employment. Disability supports are technical aids and devices, as well as human assistance, required by people with disabilities to accomplish the basic tasks of daily living. Without these supports, many people with disabilities are prevented from fulfilling their social and economic potential.

According to data collected from the 2001 PALS concerning people aged 15 and over who use assistive devices, 22% of those with moderate limitations, 33% of those with severe limitations and 50% of those with very severe limitations had unmet needs for specialized equipment. The main reason cited was cost (affecting 48% of those who needed help), while a lack of insurance coverage ranked second (affecting 36%).²³¹

Human Resources and Social Development Canada (HRSDC) also reported that post-secondary students with disabilities have unmet needs for disability supports. In 2001, it was estimated that there were approximately 51,000 post-secondary students with disabilities, of whom 20% reported the need for disability supports to attend a post-secondary institution. Of these 10,000 students, only about 40% had their needs met, leaving approximately 6,000 students with disabilities with unmet needs for supports.²³²

Public coverage for aids and support devices is not available in all provinces and territories, and none of the provinces and territories provides access to the full range of disability supports. Eligibility for financial assistance to offset the cost of these supports is often linked to residency in a particular region or municipality, or to enrolment in public

230 Evidence, Meeting No. 65, March 27, 2007 at 9:45 a.m.

231 Statistics Canada, *Participation and Activity Limitation Survey, 2001, Disability Supports in Canada, 2001*, Catalogue no. 89-580-XIE, p. 6 <http://www.statcan.ca/english/freepub/89-580-XIE/89-580-XIE03001.pdf>.

232 Human Resources and Social Development Canada, *Diagnostique: People with Disabilities and the Labour Market*, Presentation to the Standing Committee on Human Resources, Social Development and the Status of Persons with Disabilities, September 26, 2006, p. 4.

institutions (e.g., schools, residential facilities, etc.), and is based on income and eligibility for other benefits such as social assistance. Once a person leaves these settings, supports are generally withdrawn. This creates a disincentive to work, as the combined loss of income-tested benefits and disability supports often outweigh after-tax earnings from work. During our hearings, a number of witnesses raised this issue and argued that accessibility to disability supports should be universal, regardless of income or place of residence.

Some witnesses proposed the development of a more integrated and effective income and disability support system in Canada. The issue of a living wage was raised, since persons with disabilities are more likely to have a low income than persons without disabilities. In 2001, the average income of persons with disabilities aged 25 to 54 was 28% lower than that of similarly aged people without disabilities.²³³ Several witnesses suggested that the federal government supplement the incomes of low-wage workers through the tax system by implementing a “working income tax benefit.” This measure, which has been discussed for several years, was finally introduced in Budget 2007. Under the Working Income Tax Benefit (WITB), a refundable tax credit is paid to low-income individuals who have annual earnings above \$3,000. The maximum benefit for a low-income single individual is \$500 (reached at \$5,500), which is reduced at a rate of 15% when earnings reach \$9,500. An additional supplement of \$250 is paid to low-income workers who are eligible for the Disability Tax Credit.²³⁴ In this case, the credit begins to accrue when the earnings of a single-earner with a disability reach \$1,750, and the maximum credit is paid when earnings are between \$5,000 and \$10,000. The WITB is discussed further in this chapter in the context of low-income workers.

In terms of disability-related supports, it is the priority for persons with disabilities across the country, it is the priority of the national disability organizations, because an investment in disability-related supports makes economic sense. If we are facing a labour shortage, if we are facing a shortage in the trades, if we are requiring an influx of human resources into our employment sector, well, for God's sake, provide disability-related supports so that people with disabilities can participate.²³⁵

Ms. Marie White
Council of Canadians with Disabilities

233 Ibid. p. 6.

234 Department of Finance, March 19, 2007, pp. 80-81.

235 Evidence, Meeting No. 19, October 23, 2006 at 9:55 a.m.

For at least a decade now, the issue of disability supports hasn't been the only priority, but it's been the single most important priority within the disability community, and there's been virtually no progress on this file. This is a key result of there being a lack of engagement by federal and provincial/territorial partners in this area, which is an absolutely vital concern to the disabled community.²³⁶

Mr. Cameron Crawford
Canadian Association for Community Living

Provinces have remarked over the last number of years they think that about half the people on their social assistance rolls are people with disabilities. The reason I got a little confused is that we also estimate the number of people with disabilities currently on social assistance who tell us through surveys they would be able to work but there are things that get in the way, like transportation or employers not being able to provide accommodation, or even what we call the "welfare wall", where people get disability supports while they're on social assistance, and then in some jurisdictions lose them as they earn income. That creates a disincentive for them to participate in the labour market.²³⁷

Ms. Caroline Weber, Office for Disability Issues
Department of Human Resources and Social Development

2. Other Barriers

The Committee was also told that the integration of people with disabilities in the labour market requires greater access to transportation, learning establishments and workplaces, as well as accommodations on the job (e.g., modified and flexible work hours, technical equipment, modified workstations, etc.). Persons with disabilities require access to labour market information, skills training and employment assistance services to prepare for, find and maintain employment. Some witnesses stated that there are gaps in employment programming for people with disabilities who do not have a strong attachment to the labour market. The Committee also heard about the unique challenges of people with a mental illness and those with episodic and "invisible" disabilities. Their attachment to the labour force may be more sporadic, and they may require flexible work arrangements to maintain employment. Employers also require assistance. They need support in identifying and recruiting employees with disabilities as well as information on job accommodation and assistive devices.²³⁸

236 Evidence, Meeting No. 30, October 27, 2006 at 11:50 a.m.

237 Evidence, Meeting No. 12, September 26, 2006 at 11:40 a.m.

238 Canadian Council on Rehabilitation and Work, *A brief on Increasing the Employment of Persons with Disabilities*, Submitted to the Standing Committee on Human Resources, Social Development and the Status of Persons with Disabilities, September 6, 2006.

In the workplace there are a myriad of barriers for women with disabilities. Research which has looked at the employment support needs of persons with disabilities has shown that the need for “modified work structures” such as handrails/ramps, accessible transportation to and from work, parking, elevators, and washrooms, and modified work stations, is almost twice as high (28% versus 15%) among persons with disabilities who are unemployed as compared to persons with disabilities who are employed. This suggests that a person’s need for such modified workplace structures may make them more vulnerable to job loss and increase their difficulty in finding employment.²³⁹

Nova Scotia Advisory Council on the Status of Women

Of all persons with disabilities, those with a serious mental illness face the highest degree of stigmatization in the workplace and the greatest barriers to mainstream employment. Adults and youth with psychiatric disabilities face many and varied employment obstacles, such as gaps in work history, limited employment experience, lack of confidence, fear and anxiety, workplace discrimination and inflexibility, social stigma, and the rigidity of existing income support and benefit programs.²⁴⁰

Ms. Jodi Cohen
Canadian Mental Health Association

Many employers have moved from hiring because of a corporate social responsibility, to actually viewing persons with physical disabilities as strengthening their corporate resources and capabilities, and in some situations as creating a competitive advantage. Still, there are some employers, particularly medium or small employers, for whom this is not the case. In addition, where the disability is hidden, such as a mental health disorder or epilepsy, that progress has not been as evident.²⁴¹

Mrs. Andrea Spindel
Ontario March of Dimes

Employers certainly admitted to us that they do not know where to find qualified people with disabilities, and seldom do they even reach out to service providers in their community. There is certainly a need, then, to increase awareness of disability issues in the employer community, as well as to help employers to be more forthcoming and open with workplace accommodation.²⁴²

Mr. Alar Prost
Innovera Integrated Solutions

239 Nova Scotia Advisory Council on the Status of Women, *Employability of Women with Disabilities: Breaching the Disability Wall*, A Brief to the Standing Committee on Human Resources, Social Development and the Status of Persons with Disabilities, Consultations on Employability in Canada, September 2006, p. 3.

240 Evidence, Meeting No. 35, November 9, 2006 at 8:35 a.m.

241 Evidence, Meeting No. 29, October 27, 2006 at 8:45 a.m.

242 Evidence, Meeting No. 63, March 21, 2007 at 3:50 p.m.

B. Role of the Federal Government

Although witnesses recognized that provincial and territorial governments as well as the private and non-profit sectors have significant responsibilities with respect to enhancing employability among persons with disabilities, they underlined that the federal government also has an important “role to play in disability, in making employment available for people with disabilities, and in facilitating the development of an inclusive labour market.”²⁴³ Many identified a need for a national labour-market strategy for persons with disabilities. Others emphasized the need for better collaboration on disability issues among all levels of government, non-governmental organizations and stakeholders. Some witnesses recommended the creation of a national disability act that would not only address the issue of employment but would also provide systemic solutions and mechanisms to advance the goals of full inclusion, participation and citizenship of persons with disabilities in Canadian society.

The Government of Canada must take the lead in forging a new labour market strategy, based on the tenets of full inclusion and universal design, that will more effectively address the historic level of unemployment and under-employment that continues to confront so many Canadians with disabilities.²⁴⁴

Alliance for Equality of Blind Canadians

The major initiative, I think, would be to look at a national disabilities act, which would require publicly funded organizations, institutions, crown corporations, and so on to make accessibility a higher priority and provide some funding and some incentive, and employer and institutional training, particularly human resource systems, but whole levels of the organization getting education about what they can do about it.²⁴⁵

Mrs. Andrea Spindel
Ontario March of Dimes

While our document recognizes that all levels of government and the private and non-profit sectors have a role to play, today we wish to emphasize the important role that the federal government needs to play as a catalyst for change, first — as our colleagues from the March of Dimes mentioned earlier — by setting the right context and framework

243 Evidence, Meeting No. 19, October 23, 2006 at 9:50 a.m.

244 Alliance for Equality of Blind Canadians, *Canadians with Disabilities Need a New Labour Market Strategy*, Notes and recommendations to be presented to the Standing Committee on Human Resources, Social Development and the Status of Persons with Disabilities, October 27, 2006, p. 2.

245 Evidence, Meeting No. 29, October 27, 2006 at 9:50 a.m.

through the establishment of a national disabilities act that would articulate national standards and definitions for many areas, including employment and income support, and would promote inclusion in all aspects of community life.²⁴⁶

Mr. Robert Collins
Partners in Employment-London/Middlesex

Recommendation 3.17

The Committee recommends that the federal government, in consultation with provincial and territorial governments and stakeholders, continue to develop and implement a national disability act to promote and ensure the inclusion of people with disabilities in all aspects of Canadian society.

Members of the Committee believe that the federal government must show leadership and, in collaboration with provincial/territorial governments and other stakeholders, support initiatives that remove barriers to labour force participation of persons with disabilities and that contribute to their integration into paid employment or self-employment. Over the years, the federal government has implemented a number of initiatives to achieve these objectives. This section of our report discusses some of these programs.

1. Human Resources and Social Development Canada Programs

HRSDC offers a number of programs to help persons with disabilities obtain and keep employment. Programs vary depending on whether an individual is eligible for Employment Insurance (EI) benefits. Federal funding is also distributed to provinces and territories to contribute to the costs of programs and services that increase employment opportunities for persons with disabilities.

a) The Opportunities Fund

Founded in 1997, the Opportunities Fund is a contribution program with an annual budget of \$30 million. Most of this budget (\$26.7 million) is spent on contribution agreements designed to help people with disabilities overcome barriers to employment. The remaining funds are spent on operating costs. To qualify for assistance under the fund, people with disabilities must not be eligible for EI (including Employment Benefits). Funding may be provided to cover the cost of participants' wages or related employer costs, as well as overhead costs related to the organization, delivery, and evaluation of activities,

246 Evidence, Meeting No. 30, October 27, 2006 at 10:20 a.m.

including staff wages. Participants may also be eligible to receive contributions to cover all or part of the costs of various expenses, such as specialized services, equipment, dependant care, accommodation, transportation and tuition.²⁴⁷

Most witnesses who talked about the Opportunities Fund were very satisfied with the outcomes of this program. This finding is also supported by the results of an evaluation published in 2001, which showed that participants improved their skills, employability, self-confidence, self-esteem and quality of life. Employers and organizations also benefited from their participation in the fund. About one-third of employers saw a change in their organization's attitude toward hiring persons with disabilities, and almost two-thirds hired at least one of the participants, mostly on a full-time permanent basis.²⁴⁸ A second summative evaluation was undertaken in 2003. Preliminary results suggest that a majority of clients are satisfied with the program and that it continues to be relevant. The evaluation also showed "that the program fills a service gap in helping people with disabilities who are not well served by other federal or provincial government programs."²⁴⁹

Despite the fact that the Opportunities Fund has a huge load to carry, its budget has not increased in the last decade. Therefore, its real value has declined. The Committee was told that the program has a waiting list. Considering the number of people with disabilities who are unemployed and ineligible for other federal labour market support, many witnesses recommended that the program's budget be increased. Some witnesses also indicated that there is a need for longer-term interventions for those persons with disabilities who have been out of the labour market for long periods or who have never had a strong attachment to the labour market. As well, the need for flexibility in programming was raised by a few witnesses, particularly with respect to accommodating the unique needs of people with recurring or episodic disabilities who may require employment assistance over a longer period of time. We agree with our witnesses.

247 For more information on the Opportunities Fund, see: http://www.hrsdc.gc.ca/en/disability_issues/funding_programs/opportunities_fund/index.shtml.

248 Human Resources and Development Canada, *Summative Evaluation of the Opportunities Fund for Persons with Disabilities*, Evaluation and Data Development, Strategic Policy, HRDC, August 2001 <http://www.sdc.gc.ca/asp/gateway.asp?hr=/en/cs/sp/edd/reports/2001-000459/page02.shtml&hs=pyp>.

249 Human Resources and Social Development Canada, *Advancing the Inclusion of People with Disabilities*, Chapter 3, 2006, p. 51.

The Opportunities Fund is the only intervention available for those persons with disabilities who have had no EI attachment. This budget has been static since 1997. The \$30 million allocated to this fund has been eroded by inflation and should be \$36.5 million today to deliver the same level of service with no growth.²⁵⁰

Mr. Brian Tapper
TEAM Work Cooperative Ltd.

Quadruple the resources in the Opportunities Fund and expand its terms and conditions such that this critical federal instrument can more effectively support effective long-term interventions and skill development opportunities targeted primarily at those persons with disabilities who have multiple barriers to the labour force and as a consequence have become marginalized citizens of Canada.²⁵¹

Neil Squire Society

Recommendation 3.18

The Committee recommends that the federal government increase funding for the Opportunities Fund and expand the terms and conditions of this program to support effective long-term interventions and skills development opportunities, especially with respect to essential skills training. A portion of the increased funding could be used to enhance the participation of employers and to provide employers and employees with knowledge about disability issues, accommodation in the workplace, and the tools available to create an inclusive workplace. Particular attention should be given to monitoring and reporting results to ensure that the program achieves its anticipated outcomes.

250 Evidence, Meeting No. 20, October 24, 2006 at 8:55 a.m.

251 Neil Squire Society, *Executive Summary*, A brief prepared by the Neil Squire Society for the Standing Committee on Human Resources, Social Development and the Status of Persons with Disabilities Consultations on Employment in Canada, August 31, 2006, p. 2.

b) Multilateral Framework for Labour Market Agreements for Persons with Disabilities

The Multilateral Framework for Labour Market Agreements for Persons with Disabilities took effect on April 1, 2004. Under this framework, the federal government contributes to the costs of programs and services that improve the employment situation of persons with disabilities.²⁵² Provincial governments can determine their own priorities and approaches to address the needs of people with disabilities in their jurisdictions but they have agreed on a number of priority areas. These include education and training; employment participation and opportunities; bringing together employers and persons with disabilities; and building knowledge. The federal government contributes fifty per cent of the costs of the programs, up to the amount identified in each bilateral agreement. In 2005-2006, the federal contribution to participating provinces under these agreements was \$218 million.²⁵³ On November 22, 2007, the Minister of Human Resources and Social Development announced that the agreements would be extended until March 31, 2009 with an annual investment of \$223 million.²⁵⁴

During our hearings, a number of witnesses questioned the success of Labour Market Agreements for Persons with Disabilities. Some suggested that there is a need to review and revise these agreements. Others argued that the level of funding is simply inappropriate and does not take into account the multiple barriers to employment that persons with disabilities need to overcome in order to participate in the labour market.

In 2003, the ministers responsible for social services approved the multilateral framework for labour market agreements for people with disabilities. It replaced what was then known as EAPD, or employability assistance for people with disabilities. While the goal of this framework is to improve the employability of Canadians with disabilities, it cannot do so at the current levels. The current funding levels are not adequate. We have an injection of funding in the 2003 budget of \$193 million. It should be doubled, at the very

252 The province of Quebec did not endorse the framework but has signed a distinct bilateral agreement with the federal government. The territories support the principles of the framework but have not signed bilateral agreements due to issues with the Territorial Financing Formula. For more information on the Multilateral Framework for Labour Market Agreements for Persons with Disabilities, see: http://socialunion.gc.ca/pwd/multi2003_e.html.

253 Human Resources and Social Development Canada, *Advancing the Inclusion of People with Disabilities*, Chapter 3, 2006, pp. 49-50.

254 Human Resources and Social Development Canada, *The Government of Canada helps people with disabilities to fully participate in the workplace*, News Release, November 22, 2007, <http://nouvelles.gc.ca/web/view/en/index.jsp?articleid=363029&>.

least. That needs to occur because current labour market agreements don't take into account the situation of people with disabilities.²⁵⁵

Ms. Marie White
Council of Canadians with Disabilities

c) Other Programs

Other programs administered by HRSDC include Employment Benefits and Support Measures (EBSMs), the Canada Pension Plan Disability benefit, the Social Development Partnerships Program (disability component), the Aboriginal Human Resources Development Strategy (disability component) and programs that offer financial assistance for post-secondary education.

As discussed in Chapter 2 of our report, EBSMs are provided under Part II of the *Employment Insurance Act*. Eligible persons with disabilities may receive assistance through four employment benefits: Targeted Wage Subsidies, Self-Employment, Skills Development and Job Creation Partnerships.²⁵⁶ A client-focused support measure is also offered through Employment Assistance Services. In 2005-2006, the rate of participation of persons with disabilities in EBSMs was 4.6%.²⁵⁷ A number of witnesses argued that it is difficult for people with disabilities to accumulate the required number of hours to qualify for certain EI benefits as many do not have a strong attachment to the labour market. Some witnesses also questioned the effectiveness of these measures, as employers who hire persons with disabilities with the assistance of wage subsidies may terminate their employment once the funding is eliminated. An overview of results of summative evaluations conducted in different jurisdictions found that "EBSMs appeared to yield some modest positive net impacts on participants, depending on the program, client type and jurisdiction."²⁵⁸

As the committee knows, labour market participation by people with disabilities is significantly lower than that by the mainstream population. Because the most effective federal government employment support programs are tied directly to people's

255 Evidence, Meeting No. 19, October 23, 2006 at 9:50 a.m.

256 For more information on Employment Benefits and Support Measures, see: http://www.hrsdc.gc.ca/en/epb/sid/cia/grants/ebsm/terms_conditions.shtml.

257 Human Resources and Social Development Canada, *2006-2007 Departmental Performance Report*, p. 26 <http://www.tbs-sct.gc.ca/dpr-rmr/2006-2007/inst/csd/csd-eng.pdf>

258 Human Resources and Social Development Canada, *Employment Insurance 2005 Monitoring and Assessment Report*, submitted to the Minister of Human Resources and Social Development Canada by the Canada Employment Insurance Commission, March 31, 2006, p. 89 http://www.hrsdc.gc.ca/en/ei/reports/eimar_2005.pdf.

attachment to the labour market and the EI system, many people with disabilities are ineligible and are therefore underserved.²⁵⁹

Mr. Bob Wilson
Social and Enterprise Development Innovations

Employers only willing to hire a person under a grant program, such as, Targeted Wage Subsidy may result in repeated periods of unemployment and short term employment. As soon as the funding is up, the person is let go and must start the job search all over again.²⁶⁰

Canadian Paraplegic Association

The Canada Pension Plan Disability (CPPD) benefit provides income protection to Canada Pension Plan contributors who cannot work because of a severe and prolonged disability. One of the program's goals is to facilitate a return to work for those who are able to do so by offering the services of a vocational rehabilitation program.²⁶¹ Over the period 2003-04 to 2005-06, there has been a 39% increase in the number of CPPD recipients returning to work.²⁶²

The Social Development Partnerships Program (disability component) provides grants and contributions in support of national activities of non-profit social agencies working to address the social development needs and aspirations of persons with disabilities and to promote their inclusion and full participation as citizens in all aspects of Canadian society.²⁶³ In 2005-2006, a portion of the \$11 million allocated under this program was invested in employment-related projects for persons with disabilities.²⁶⁴

As mentioned in the previous section of our report, funding is also available to help Aboriginal people with disabilities prepare for, find and retain work through the Aboriginal Human Resources Development Strategy. In addition, HRSDC encourages Aboriginal Human Resources Development Agreement holders to include people with disabilities in all

259 Evidence, Meeting No. 27, October 26, 2006 at 1:15 p.m.

260 Canadian Paraplegic Association, *Executive Summary*, Brief submitted to the Standing Committee on Human Resources, Social Development and the Status of Persons with Disabilities, 2006, p. 3.

261 For more information on the Disability Vocational Rehabilitation Program, see: <http://www.hrsdc.gc.ca/asp/gateway.asp?hr=/en/isp/pub/factsheets/vocrehab.shtml&hs=>.

262 Human Resources and Social Development Canada, *CPP Disability Overview*, submitted to the Standing Committee on Human Resources, Social Development and the Status of Persons with Disabilities, September 26, 2006.

263 Human Resources and Social Development Canada, *Social Development Partnerships Program – Terms and Conditions* http://www.sdc.gc.ca/asp/gateway.asp?hr=/en/hip/sd/04_SDPP_TCs.shtml&hs=pyp#1.

264 Human Resources and Social Development Canada, *Federal Government Employment Related Programs for People with Disabilities*, Presentation to the Standing Committee on Human Resources, Social Development and the Status of Persons with Disabilities, September 26, 2006, p. 9.

services and activities they offer.²⁶⁵ Little is known about the success of this component of the Aboriginal Human Resources Development Strategy. Considering the low levels of employment among Aboriginal people in Canada, members of the Committee are concerned that Aboriginal people with disabilities face multiple barriers to employment and believe that more must be done to help them overcome these serious impediments.

Recommendation 3.19

The Committee recommends that one of the objectives associated with the recently proposed \$500 million investment in new labour market programming be the successful integration into the labour market of persons with disabilities, with a goal to increase opportunities for those who face multiple barriers to employment. New funding levels for this objective should be established in accordance with federal–provincial/territorial agreements.

Recommendation 3.20

The Committee recommends that Human Resources and Social Development Canada conduct a thorough assessment of the disability component of the Aboriginal Human Resources Development Strategy and on the basis of this assessment make the necessary revisions to enhance the labour force participation of Aboriginal people with disabilities.

The federal government also provides assistance to post-secondary students with disabilities through several programs, including the Canada Student Loans Program, the Canada Study Grant for the Accommodation of Students with Permanent Disabilities and the Canada Access Grant for Students with Permanent Disabilities.²⁶⁶ In 2004-2005, \$22 million in grants were disbursed to students with permanent disabilities.²⁶⁷

The Committee was told that, beyond the need for financial assistance, post-secondary students with disabilities also encounter difficulty in accessing the learning environment. While members of the Committee think that a national disability act would help address general problems related to physical access to buildings and transportation services in Canada, we also believe that more needs to be done to immediately improve

265 Human Resources and Social Development Canada, *Advancing the Inclusion of People with Disabilities*, Chapter 3, 2006, p. 55.

266 For more information on these grants, see the CanLearn Web site at http://www.canlearn.ca/en/shared/pay/apply/ON/ft/public/apply_grant/disabilities.shtml.

267 Human Resources and Social Development Canada, *Canada Student Loans Program — Annual Report 2004-2005, 2007*, pp. 23-24, http://www.hrsdc.gc.ca/en/learning/canada_student_loan/publications/CSLP-AR-0405E.pdf.

accessibility to post-secondary educational establishments in particular. In addition, it is our view that more can be done to assist post-secondary students with disabilities who have completed their education but need assistance to find and maintain employment.

[T]he bigger issue in post-secondary education is actually the accessibility of the learning environment, that there are some things that students need that they actually can't just buy themselves. If you go into a lab and you need some special modification in that lab equipment, students can't just modify the lab with their own money or access to the grant. There may be personal aids also that they can't provide themselves or can't always bring into the classroom. So those are some issues that need to be addressed. There are other issues about accessibility in the post-secondary environment that I think we aren't quite able to reach with the individual grants and loans.²⁶⁸

Ms. Caroline Weber
Department of Human Resources and Social Development

Recommendation 3.21

The Committee recommends that the federal government, in consultation with provincial and territorial governments and stakeholders, assess the need for and develop initiatives to improve accessibility within the learning environment for students with disabilities.

Recommendation 3.22

The Committee recommends that the federal government, in consultation with provincial and territorial governments and stakeholders, assess the need for and develop initiatives to facilitate school-to-work transitions for young people with disabilities.

2. Entrepreneurs with Disabilities Program

Western Economic Diversification Canada offers programs to assist people with disabilities in developing or expanding their small businesses. The Entrepreneurs with Disabilities Program helps persons with disabilities living in Western Canada who need business support by providing services such as business plan development, mentoring and counselling, training in business management, and access to business loans up to \$125,000.²⁶⁹ Since its creation in 1997-1998, the program has provided 750 loans totalling

268 Evidence, Meeting No. 12, September 26, 2006 at 11:55 a.m.

269 Western Economic Diversification Canada, *Business Financing for Western Canada — Entrepreneurs with Disabilities Programs* http://www.wd.gc.ca/finance/programs/edp_e.asp.

\$16.2 million to entrepreneurs with disabilities, 65% of whom are currently operating businesses.²⁷⁰

3. Legislative Measures and Policies to Achieve Employment Equity

Canada has a number of legislative measures, policies, programs, and practices designed to achieve employment equity for persons with disabilities. The federal public service, federally regulated employers and separate employers²⁷¹ are all subject to the *Employment Equity Act*, which aims to achieve equality in the workplace for four designated groups: women, Aboriginal people, persons with disabilities, and members of visible minorities. The *Canadian Human Rights Act* (sections 2 and 15) requires the federal government and federally regulated employers to provide workplace accommodation unless doing so would result in undue hardship. The Treasury Board of Canada Secretariat has also developed a Policy on the Duty to Accommodate Persons with Disabilities in the Federal Public Service.

Taken together the federal public service, federally regulated employers (including Crown Corporations) and federal contractors are the nation's largest employer. In 2004, persons with disabilities represented 3.1% of the workforce for all employers covered under the *Employment Equity Act* (not including federal contractors).²⁷² "When compared to labour market availability of 5.0%, based on the 2001 Participation and Activity Limitation Survey (PALS), the representation of people with disabilities was 61.8% of their availability."²⁷³ In 2005-2006, the level of representation of people with disabilities was higher in the federal public service (5.8%) than among federally regulated employers (2.7%).²⁷⁴ However, according to the Canadian Human Rights Commission's *Annual Report 2006*, the higher level of representation in the public sector is likely due to a higher level of self-identification and an aging workforce, as "persons with disabilities continue to receive less than their expected shares of hires" (2.6% as of March 2006).²⁷⁵

Many witnesses raised concerns with regard to the need to sensitize employers to disability-related issues and the duty to accommodate employees with disabilities. Some witnesses recommended the establishment of a program to assist employers, particularly small and medium-sized businesses, with the costs associated with accommodating

270 Human Resources and Social Development Canada, *Advancing the Inclusion of People with Disabilities*, Chapter 3, 2006, p. 54.

271 Separate employers are listed in Schedule I Part II of the *Public Service Staff Relations Act*.

272 Human Resources and Social Development Canada, *Advancing the Inclusion of People with Disabilities*, Chapter 3, 2006, p. 61.

273 Ibid.

274 Canadian Human Rights Commission, *Annual Report 2006, 2007*, pp. 11-15
http://www.chrc-ccdp.ca/pdf/AR_2006_RA_en.pdf.

275 Ibid., p. 11.

employees with disabilities. Others proposed that the federal government provide incentives to employers to encourage them to offer long-term employment to people with disabilities. A number of witnesses also suggested that the federal public service should be a champion and a role model with respect to the employment of persons with disabilities.

We must continue to foster awareness, action, and a workplace culture that is welcoming to persons with disabilities. From both physical and cultural perspectives, we need a workplace that makes people feel comfortable to be able to identify their needs, and to accommodate them we all need to have greater sensitivity and willingness as well as accommodation practices.²⁷⁶

Ms. Karen Ellis
Public Service Human Resources Management Agency of Canada

Smaller businesses will probably need some support in terms of being able to cover the costs of technical equipment. There is, of course, a duty to accommodate already in place through human rights law, but to make that possible — and here I think the Government of Canada could help, either directly or through the provinces — create a new fund so that some of the costs of accommodation can be covered by public funds.²⁷⁷

Mr. John Rae
Alliance for Equality of Blind Canadians

I think that's a very big piece of it, because in my mind we have to do a better job, with the support of the government, in selling the concept of hiring people with vision loss, because there are very many people out there who are working at all different levels. But it's overcoming that initial fear. We usually find that once an employer has hired somebody with vision loss, they tend to hire more people with vision loss. But it's getting that first person through the door, getting them convinced that a person with the proper supports, with adaptive equipment and a few other changes, can quite easily do a job that's very competitive, beside their peers.²⁷⁸

Mr. Bill McKeown
Canadian National Institute for the Blind

Another thing the federal government could do is lead by example, as one of the biggest employers in Canada, if not the biggest. The private and non-profit sectors also need to see that you, as a national government, value the abilities of people with disabilities. If

276 Evidence, Meeting No. 12, September 26, 2006 at 11:35 a.m.

277 Evidence, Meeting No. 30, October 27, 2006 at 11:15 a.m.

278 Evidence, Meeting No. 65, March 27, 2007 at 10:20 a.m.

you're not able to increase the representation of people with disabilities in your workforce, that sends a very strong negative message to other employer groups.²⁷⁹

Mr. Louis Buschman
As an individual

Members of the Committee believe that the federal government should be a role model for employers across the country and an employer of choice for people with disabilities. The federal government must strive to build a respectful and inclusive work environment that recognizes and values the diverse skills and abilities of people with disabilities, and must ensure that appropriate accommodations are implemented.

Recommendation 3.23

The Committee recommends that the federal government, in consultation with employers and stakeholders, develop new tax incentives to encourage employers to make the necessary accommodations to hire and retain employees with disabilities (e.g., technical equipment, modified workstations, etc.).

Recommendation 3.24

The Committee recommends that the federal government assess and enhance its role as a champion and role model in the creation and development of employment opportunities for persons with disabilities, including by using its purchasing power to acquire products and services produced or provided by persons with disabilities; by extending coverage of the federal contractors program to include more employers; by reviewing and enhancing employment equity measures; and by ensuring that the full spectrum of employment opportunities of the federal government and its agencies include persons with disabilities.

Recommendation 3.25

The Committee recommends that the federal government take further steps to enhance pay and employment equity in Canada; affirm that pay equity is a fundamental human right protected under the *Canadian Charter of Rights and Freedoms* and human rights law; and devise an effective methodology for job evaluation, job comparison and wage adjustments.

279 *ibid.* at 11:25 a.m.

4. Disability Supports

In Canada, provincial and territorial governments are responsible for most programs that provide disability supports for persons with disabilities and that assist informal caregivers. The federal government provides financial resources for these supports through the Canada Health Transfer and the Canada Social Transfer. It also offers direct assistance through income tax relief to persons with disabilities and their caregivers. Income tax measures include: the medical expense tax credit; the disability tax credit; the child disability benefit; the disability supports deduction; the caregiver credit; the infirm dependant credit; the refundable medical expense supplement; and other personal income tax measures.²⁸⁰ In addition, the federal government is directly responsible for regulating supports for First Nations and Inuit peoples, as well as for veterans and members of the Armed Forces.

Members of the Committee recognize that access to disability-related supports is essential to the health, safety, quality of life and productivity of persons with disabilities. People with disabilities do incur additional costs for these supports. To enhance the participation of persons with disabilities in post-secondary education and in the labour force, we need to increase access to disability-related supports.

Recommendation 3.26

The Committee recommends that Human Resources and Social Development Canada establish pilot projects under the Labour Market Agreements for Persons with Disabilities to assess the feasibility and effectiveness of providing disability-related supports (including mobility devices) to eligible participants to facilitate their integration into the labour market. The list of disability-related supports that would be eligible for funding should be developed in consultation with the provincial and territorial governments, disability groups and Aboriginal organizations.

LOW-INCOME WORKERS

A more competitive international marketplace, rapid technological change, the shift toward a knowledge-based economy and a host of other structural forces continue to shape the way Canadians work and the relationships they have with their employers. These structural changes have had a pronounced impact on the Canadian workplace, especially with regard to low-skilled, low-wage workers. According to Statistics Canada, the

280 For information on tax measures for persons with disabilities, see: Canada Revenue Agency, *What can people with disabilities claim as a deduction or credit?* <http://www.cra-arc.gc.ca/tax/individuals/segments/disabilities/deductions/menu-e.html>.

incidence of low-wage jobs (i.e., earning less than \$10 per hour in 2001 dollars) remained fairly stable (around 16%) between 1981 and 2004, while the incidence of well-paid jobs (\$30 or more per hour) increased from 8.5% to 11.4% during the same period.²⁸¹ Between 1981 and 2004, average real wages for workers aged 17 to 64 in low-wage jobs increased by 2.6%, compared with a 3.1% increase in other jobs. In terms of the former, average wage growth among women in low-wage jobs was about one-half of that among men. The opposite result occurred with respect to average wage growth in other jobs, as women's average wages grew by more than two and one-half times those of men, a result that is no doubt due, in part, to the fact that the proportion of female workers with a university degree more than doubled between 1981 and 2003.²⁸² Low-wage work is prevalent among workers with low levels of education.²⁸³

Changes in the labour market over the past decade or two have had a significantly detrimental effect on many employees. Precarious forms of employment are increasing, with more temporary work, part-time contracts, and seasonal jobs. This means that fewer workers are able to obtain enough pay, enough hours, and enough benefits to allow families to make ends meet.²⁸⁴

Mrs. Susan Nasser
Nova Scotia Association of Social Workers

In the past, the “welfare wall” has been a key issue, meaning that many people who are trapped in welfare do not have the opportunities to get off social assistance. We would suggest that there is also a “low-wage wall” behind which hundreds of thousands of workers are trapped in poorly-paying jobs with few if any benefits. These kinds of jobs offer almost no opportunities for education, training or advancement and even act as barriers to those objectives. Many workers who occupy these jobs are working long and/or irregular hours and many are also working far below their level of education and training.²⁸⁵

National Council of Welfare

281 R. Morissette and G. Picot, *Low-paid Work and Economically Vulnerable Families over the Last Two Decades*, Statistics Canada, April 2005, pp. 8-9
<http://www.statcan.ca/english/research/11F0019MIE/11F0019MIE2005248.pdf>.

282 Ibid., p.5 and Table 6, p. 29.

283 Statistics Canada, *Low Wage and Low Income*, Income Research Paper Series, Catalogue no. 75F002MIE — No. 006, April 2006, p. 9
<http://www.statcan.ca/english/research/75F0002MIE/75F0002MIE2006006.pdf>.

284 Evidence, Meeting No. 20, October 24, 2006 at 8:45 a.m.

285 National Council of Welfare, *Brief to the Standing Committee on Human Resources, Social Development and the Status of Persons with Disabilities concerning Employability in Canada*, September 28, 2006, p. 5.

Although low-wage workers are vulnerable to living on a low income, relatively few experience low income as a permanent state.²⁸⁶ Despite the fact that about 20% of Canada's population experienced low income for at least one year between 1999 and 2004, only 2.2% lived on a low income every year during this period, roughly half the rate of persistent low income during period 1993 to 1998. Almost 50% of low-wage workers are their family's major income earner. Single individuals and lone parents tend to exhibit the highest incidence of low income. The percentage of Canadians living on a low income after taxes fell to 10.8% in 2005, a rate substantially lower than the peak of 15.7% in 1996.²⁸⁷

Another symptom associated with the current structural changes in the Canadian workplace relates to growth in non-standard, temporary jobs, also known as "precarious work." According to a recent report on federal labour standards under the *Canada Labour Code*, today roughly 32% of Canadian workers are employed in temporary, part-time or self-employed jobs, seven percentage points above that found at the end of the 1980s. Although not all of this employment is involuntary, it is thought that 75% of temporary workers, and 25% of part-time and self-employed workers would prefer full-time permanent work, as these jobs usually pay more, provide insurance and pension benefits and often entail less employment strain (e.g., employment uncertainty).²⁸⁸

Currently 13%, or close to 1.7 million workers, are working in temporary situations doing contract, seasonal, casual, or agency work. In 1989, one in ten new hires was a temporary worker. Right now the ratio is five to one in the number of workers who do not have full-time jobs. Two million Canadians work in poverty situations. They put in 40 hours a week but don't even reach the poverty line.²⁸⁹

Mr. Jorge Garcia-Orgales
United Steelworkers

In the context of federally regulated enterprises, it is estimated that about 26% of the workforce is employed in non-standard employment. Moreover, non-standard employment is concentrated in certain sectors such as road transportation, where 23% of workers are self-employed or contract workers hired directly by federally regulated employers, while

286 It is important to differentiate between low-wage and low-income workers. Although low-wage workers refer to workers with low hourly rates of pay, it does not necessarily follow that all of these workers live on low incomes, since income from other family members must be considered. Low-income workers are those whose family income is below Statistics Canada's after-tax low income cutoff. Statistics Canada low-income cutoff is a statistical measure that identifies the income threshold below which a household will spend, on average, at least 20 percentage points more of its income than the average family on food, clothing, and shelter (given family and community size).

287 Statistics Canada, *Income in Canada, 2005*, May 2007, p. 86 <http://www.statcan.ca/english/freepub/75-202-XIE/75-202-XIE2005000.pdf>.

288 H. Arthurs, Commissioner, *Fairness at Work: Federal Labour Standards for the 21st Century*, Final Report of the Federal Labour Standards Review, 2006, p. 27 http://www.hrsdc.gc.ca/en/labour/employment_standards/arthur_report/pdf/final_report.pdf.

289 Evidence, Meeting No. 63, March 21, 2007 at 4:00 p.m.

another 6% are supplied by employment agencies. The incidence of temporary and contract work is also thought to be relatively high in small- and medium-size enterprises.²⁹⁰

Federal labour standards cover well below 10% of the Canadian workforce. Despite the relatively small number of workers covered under Part III of the *Canada Labour Code*, the federal government has a responsibility to ensure that labour standards governing federally regulated employers and their workers promote fair, healthy, stable, and productive workplaces — a truncated version of HRSDC’s strategic outcome for the Labour Program.²⁹¹ At the moment, the federal government is analysing the recommendations contained in the Final Report of the Federal Labour Standards Review and is consulting with stakeholders. Many changes have occurred in federally regulated workplaces since the introduction of Part III of the *Canada Labour Code*, and all members of the Committee encourage the Minister of Labour to move swiftly to update this legislation by proposing amendments that promote more productive federally regulated workplaces and provide workers with the best minimum employment standards possible.

In addition to the growing preponderance of precarious employment in the Canadian labour market, our testimony pertaining to employability among low-income workers encompassed several other issues, including the need to provide stronger work incentives (e.g., higher after-tax earnings) and better access to affordable housing and child care.

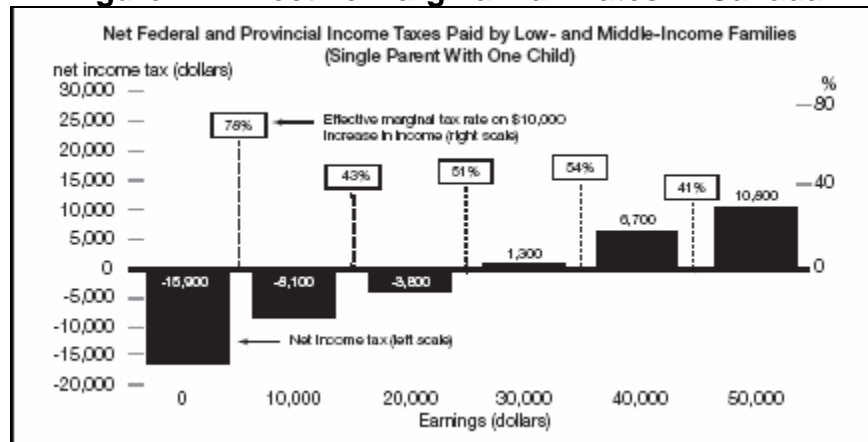
A. Work Incentives

High marginal personal income tax rates imposed on individuals can create significant disincentives to work. In the case of individuals receiving social assistance, for example, increased income from earnings results in higher income taxes, lower social assistance payments, and a reduction in means-tested refundable tax credits and social services. As illustrated in Figure 1, a typical single parent with one child who increases his or her earnings from \$0 to \$10,000 would lose 78 cents of every dollar earned. This situation compares unfavourably to, for example, that of a single parent with one child who increases his or her earnings from \$40,000 to \$50,000. In this case, the single parent would lose 41 cents for every dollar earned, which is still a significant reduction but not as large as that faced by the single parent on social assistance. The high marginal tax rate for social assistance recipients is sometimes referred to as the “welfare wall.”

290 H. Arthurs, 2006, p. 231.

291 Human Resources and Social Development Canada, *2007-2008 Estimates: Report on Plans and Priorities*, 2007, pp. 58 to 62 http://www.tbs-sct.gc.ca/rpp/0708/hrsdsc-rhdsc/hrsdsc-rhdsc-PR_e.asp?printable=True.

Figure 1 – Effective Marginal Tax Rates in Canada



Notes: “Net income tax” refers to taxes less benefits (including social assistance). Effective marginal tax rates represent the reduction in benefits, and increase in taxes, for each additional dollar earned. The chart is based on a weighted average of Alberta, British Columbia, Manitoba, Newfoundland and Labrador, New Brunswick, Nova Scotia, Quebec and Saskatchewan. Social assistance benefits levels and reduction rates vary significantly across provinces. No earnings exemptions have been applied.

Source: Department of Finance, *The Economic and Fiscal Update*, November 2005, p. 129 <http://www.fin.gc.ca/ec2005/ec/ecce2005.pdf>

The Committee was told that if Canada is to remain competitive, we must facilitate stronger labour market attachments among all Canadians. The National Council of Welfare reminded the Committee that by addressing the issue of employability for low-income Canadians we will also lower current and future economic costs to our social services, health care and justice system. Many groups called for measures to increase the economic resources of low-income individuals, to remove financial barriers to labour force participation and to reduce the impact that poverty has on the lives of Canadians.

There are different ways you can deal with the working poor, but it just seems fundamentally wrong to think about having a system where somebody can work full-time, a full year, and not meet the poverty level. That just does not make sense in a society that’s trying to be productive and competitive anywhere.²⁹²

Mrs. Sheila Regehr
National Council of Welfare

Many proposals were suggested by witnesses to help raise income levels among low-wage workers. These included a national antipoverty strategy, an employment tax credit, reduced tax rates and/or a higher basic personal tax exemption, an income-tested

basic refundable tax credit, higher minimum wages, and reforms to Employment Insurance (e.g., to enhance the adequacy of benefits, extend coverage, etc.).

Two of these proposals — a higher federal minimum wage and an income-tested refundable tax credit — received the most attention. Responsibility for establishing federal minimum wage rates was delegated to provincial/territorial governments more than a decade ago. Effective December 1996, the applicable provincial/territorial adult minimum wage became the federal minimum wage for workers (including workers under 17 years of age) covered under Part III of the *Canada Labour Code*. Although most witnesses who supported an increase in the federal minimum wage thought that \$10 per hour was sufficient to meet the needs of low-income workers, there was no consensus on the economic impact of increasing the federal minimum wage.²⁹³ The Committee was told that a single federal minimum wage rate would not accommodate regional labour market conditions and, if set too high, could result in job losses.

With regard to an income-tested refundable tax credit, many witnesses supported a measure called the Working Income Tax Benefit (WITB), a policy proposal first raised in the November 2005 Economic and Fiscal Update and finally introduced in Budget 2007. This measure is intended to help people over the welfare wall and to strengthen the incentive to work among low-income workers already in the labour market by providing a supplement to help “make work pay.”

I recommend a fairly general policy, such as an income tax credit on employment. This would give workers a subsidy. For example, it could be approximately \$3 or \$4 per hour for all hours worked. This kind of policy, which is in place in the United States, has been fairly effective in reducing poverty. In Canada, the Department of Finance briefly touched upon a similar policy in a previous budget but it has not yet been developed. In short, I think that a tax credit on employment would be a beneficial policy.²⁹⁴

Dr. Andrew Sharpe
Centre for the Study of Living Standards

I think all of us would support tax credits for low-income earners. It's good for a lot of our small and mid-sized businesses and it's good for the community, so it would be difficult to speak against that position. I think all of us would agree.²⁹⁵

Ms. Diane Brisebois
Retail Council of Canada

293 The issue of a federal minimum wage was also discussed in the recent report on the review of federal labour standards. See: Federal Labour Standards Review, *Fairness at Work: Federal Labour Standards for the 21st Century*, 2006, pp. 245 to 249 <http://www.flis-ntf.gc.ca/doc/fin-rpt-e.pdf>.

294 Evidence, Meeting No. 13, September 28, 2006 at 12:30 p.m.

295 Evidence, Meeting No. 36, November 9, 2006 at 10:55 a.m.

Indeed, for many low- and modest-income families, the effective marginal tax rate, after factoring in income-tested benefits, is higher than 60% and higher than the rate facing Canada's top income earners. This is not only inequitable but it also sends a strong negative message about the merits of working, saving, and upgrading one's skills in the economy.²⁹⁶

Mr. Michael Murphy
Canadian Chamber of Commerce

As previously noted in this chapter of our report, the WITB is a refundable tax credit paid to low-income individuals whose earnings are above \$3,000 (\$1,750 in the case of workers eligible for the Disability Tax Credit). The maximum benefit for single workers is \$500 (when earnings reach \$5,500), \$750 (when earnings reach \$5,500) for workers who are eligible for the Disability Tax Credit, and \$1,000 (when earnings reach \$8,000) for single parents and couples. The WITB is reduced at a rate of 15% when earnings reach \$9,500 (in the case of single individuals) and \$14,500 (in the case of couples and single parents). It is estimated that this measure will strengthen the attachment to work of more than 1.2 million individuals already in the workplace as well as help to encourage roughly 60,000 individuals to begin working.²⁹⁷

The Committee supports this measure and considers it to be a good foundation on which to strengthen work incentives among low-income workers in the years ahead. We encourage the federal government to consult with provincial and territorial governments to ensure that the WITB is implemented in harmony with provincial and territorial social assistance and support programs.

Recommendation 3.27

The Committee recommends that the federal government expand the Working Income Tax Benefit to address the low-income wall by including more low-income workers, specifically by raising the maximum income amounts for single workers and single parents. The federal government should assess the Quebec and Saskatchewan models for ways to reduce the lag time between assessment of income and receipt of benefit.

Recommendation 3.28

The Committee recommends that the federal government consider requesting that provincial and territorial governments devote some portion of the Canada Social Transfer to finance comprehensive and

296 Evidence, Meeting No. 9, June 20, 2006 at 9:45 a.m.

297 Department of Finance, March 19, 2007, pp. 78 to 82 <http://www.budget.gc.ca/2007/pdf/bp2007e.pdf>.

effective labour market adjustment support to help social assistance recipients enter financially rewarding employment. Income support paid to social assistance recipients participating in these labour market adjustment programs should be treated as earnings for the purposes of the Working Income Tax Benefit.

B. Housing

Housing is undeniably an important employability support. The Committee was told that without acceptable housing, individuals are unable to focus on finding and maintaining employment.²⁹⁸ Low-income households and the working poor are more likely to live in rented accommodation and to live in “core housing need” than other households.²⁹⁹ According to the Canada Mortgage and Housing Corporation (CMHC), in 2001 “45.6% of working-age renter households whose maintainers had weak ties to the labour force were in core housing need.”³⁰⁰ Groups particularly at risk of falling into core housing need include Aboriginal households, recent immigrant households, people living alone and single-parent households.³⁰¹

I'm glad we've been able to have this opportunity to speak about some of the underlying issues related to employability, such as affordable housing, and it's great that we've spoken so much about it. It's hard for us to believe here in Calgary that we would ever have an excess of affordable housing, but I can understand how that could happen in other communities. That's why a national housing initiative couldn't distance itself from the local community. Certainly, the federal government should not ever be working in isolation from the provincial governments and the local municipal government.³⁰²

**Ms. Ramona Johnston
Vibrant Communities Calgary**

298 The Canada Mortgage and Housing Corporation defines acceptable housing as housing that is in adequate condition, of a suitable size for the household and affordable.

299 Households in core housing need do not have acceptable housing.

300 John Engeland and Roger Lewis, “Exclusion from Acceptable Housing — Canadians in Core Housing Need” in *Horizons*, Volume 7, Number 2, Policy Research Initiative, December 2004, p. 27 http://policyresearch.gc.ca/page.asp?pagenm=v7n2_art_05.

301 Ibid.

302 Evidence, Meeting No. 35, November 9, 2006 at 9:55 a.m.

It's really on the affordable housing side of things that we have a massive shortage. Unfortunately, we now have an economy where it's costing so much for government to put another unit out in the marketplace to satisfy need. It's a big problem. It's going to take years and years to try to build that stock.³⁰³

Mr. Ken McKinlay
Saskatchewan Home Builders' Association

Some witnesses suggested that the federal government should establish a national affordable housing strategy and increase the supply of affordable housing. In 2001, the federal government established the Affordable Housing Initiative, an investment commitment of some one billion dollars delivered through bilateral, cost-shared agreements with each province and territory. The second phase of the Initiative, announced in 2003, focuses on funding for housing targeted at low-income households in communities where there is a significant need for affordable housing. As of September 30, 2007, four-fifths of the federal allocation was committed, and the Canada Mortgage and Housing Corporation (CMHC) continues to work with its provincial and territorial partners to take up the remaining funding to increase the supply of affordable housing.³⁰⁴

The Committee notes that in 2006, the federal government established the Off-reserve Aboriginal Housing Trust, the Northern Housing Trust and the Affordable Housing Trust, which combined entail a spending commitment of \$1.4 billion to be notionally allocated over a three-year period on a per capita basis. In addition, the federal government recently announced \$526 million (over two years) for a new Homelessness Partnering Strategy aimed at combating homelessness in communities across Canada and extending the renovation programs for low-income households delivered through the Canada Mortgage and Housing Corporation.³⁰⁵

Recommendation 3.29

The Committee recommends that the federal government maintain and extend affordable housing programs — in consultation with the provinces and territories and stakeholders — to increase the supply of affordable housing and thereby enhance the employability of low-income individuals, including Aboriginal people, recent immigrants and single-parent families, three groups whose core housing needs are relatively high.

303 Evidence, Meeting No. 38, November 10, 2006 at 11:00 a.m.

304 Canada Mortgage and Housing Corporation, *Affordable Housing Initiative*, http://www.cmhc-schl.gc.ca/en/inpr/afhoce/fias/fias_005.cfm.

305 Human Resources and Social Development Canada, *Canada's New Government Commits \$526 Million to Combat Homelessness and Extend Funding to Renovation Programs*, Press Release, Ottawa, December 19, 2006 <http://news.gc.ca/cfmx/view/en/index.jsp?articleid=263819>.

C. Early Learning and Child Care

Virtually all of the growth in Canada's aggregate labour force participation rate in the past decade is attributed to growth in labour force participation among women. The labour force participation rate among women 15 years of age and over increased from 57.8% in 1997 to 62.1% in 2006. By comparison, the rate among men increased from 72.2% to 72.5% during the same period.³⁰⁶ In fact, Canada's participation rate for women aged 15 to 64 has approached levels comparable to that found in most Nordic countries and, in 2005, was almost 13 percentage points above the average for all OECD countries.³⁰⁷ One of the reasons underlying the upward trend in female labour force participation in Canada is thought to be the introduction of several child- and family-related policies (e.g., National Children's Agenda, Early Childhood Development Agreement, extended EI parental benefits, and Multilateral Framework on Early Learning and Childcare, etc.) during this period.³⁰⁸

There is no doubt that access to affordable and high-quality early learning and child care in Canada contributes to increased labour force participation among low-income individuals, especially women. Several witnesses told the Committee that the high cost of child care is a major financial disincentive for low-income parents to strengthen their attachments to work, including participation in training and other labour market interventions. Early learning and child care also has implications for the development of children, Canada's future workers.

Many witnesses supported the creation of a national publicly funded early learning and child care system that would respect the principles of quality, universality, accessibility and developmentally appropriate programming (the QUAD principles). Some witnesses also described a need for additional affordable and high-quality child care spaces, pointing out that waiting lists in some regions are an impediment to labour force participation.

We know child care services support the employability of parents, particularly women. Women are now the majority in virtually all university programs. Without adequate child care services, we will have decreased labour force attachment among mothers, and that will continue to contribute to skilled labour shortages. We acknowledge the new choice in child care allowances, and we recommend the development of a publicly funded child care system and the immediate action of the federal government on a commitment to create new child care spaces.³⁰⁹

Ms. MacFarlane
Sustained Poverty Reduction Initiative

306 Statistics Canada, *Labour Force Historical Review 2006*, 71F00004XCB, 2007 CD1, Main Tables.

307 OECD, *OECD Employment Outlook: Boosting Jobs and Incomes*, 2006, Statistical Annex, Table B, p. 250.

308 E. Tsounta, *Why are Women Working So Much More in Canada? An International Perspective*, IMF Working Paper, WP/06/92, April 2006, pp. 11-12 <http://www.imf.org/external/pubs/ft/wp/2006/wp0692.pdf>.

309 Evidence, Meeting No. 36, November 9, 2006 at 10:45 a.m.

We recommend that the government institute a quality early childhood care and learning system that is universally accessible and affordable. Good quality accessible child care is a support that is needed by many, including single mothers, to make employment a viable option. The government must give this much greater priority for it to become a reality. This would really go a long way to addressing some of the barriers that women in particular face in reentering the paid workforce.³¹⁰

Mrs. Susan Nasser
Nova Scotia Association of Social Workers

Canada's productivity relies on working mothers with young children. They contribute \$53 billion annually to Canada's GDP. That reliance is only increased due to widely predicted shortages in skilled labour, yet Canada and most provinces have not built a network of income supports and public services, such as quality affordable child care, to broadly facilitate women's economic and social contribution.³¹¹

Mrs. Jody Dallaire
New Brunswick Child Care Coalition

Recently, I was looking over Statistics Canada numbers, and surprisingly, Alberta has the lowest participation of women in the workforce. I said, no, no, no, they have it wrong. So I looked twice, and it's true. Apparently, Quebec has the highest participation of women in the labour force. The reason is very easy — it took me two pages to find it — the day care system. There are factors in the market that work differently than just a job offer. The day care system in Quebec — and I'm not going to say whether it's good or bad, it's just the way it is — encourages women to go back to work much sooner after they have children. Alberta doesn't have that, and a lot of women still tend to stay at home.³¹²

Ms. Andreea Bourgeois, New Brunswick and Prince Edward Island
Canadian Federation of Independent Business

Members of the Committee recognize that low-income Canadians are a diverse population that faces multiple barriers to full participation in Canadian society and the workplace. We believe that a range of policy instruments is needed to address these barriers, including assistance to facilitate greater access to affordable early learning and child care. In 2006, the federal government announced its intention to terminate the Early Learning and Child Care agreements with the provinces and replace these with a Universal Child Care Benefit and support for the creation of child care spaces in the workplace. In terms of the latter initiative, Budget 2007 announced that \$250 million would be added to the Canada Social Transfer base beginning in 2008-2009 to help provinces and territories create child care spaces. In addition, a 25% investment tax credit will be available to businesses that create child care spaces in the workplace to a maximum of \$10,000 per space created. Moreover, Budget 2007 announced that the federal — provincial/territorial

310 Evidence, Meeting No. 20, October 24, 2006 at 8:45 a.m.

311 Evidence, Meeting No. 21, October 24, 2006 at 10:45 a.m.

312 Evidence, Meeting No. 22, October 24, 2006 at 2:10 p.m.

arrangements regarding early learning and child care that were established in 2000 and 2003 would be extended to 2013-2014.³¹³

Recommendation 3.30

The Committee recommends that the federal government ensure full funding for a national public early learning and child care system, including existing private child care centres, and pass legislation to enshrine principles of accessibility, quality and accountability in such a system, in consultation with provinces, territories and stakeholders.

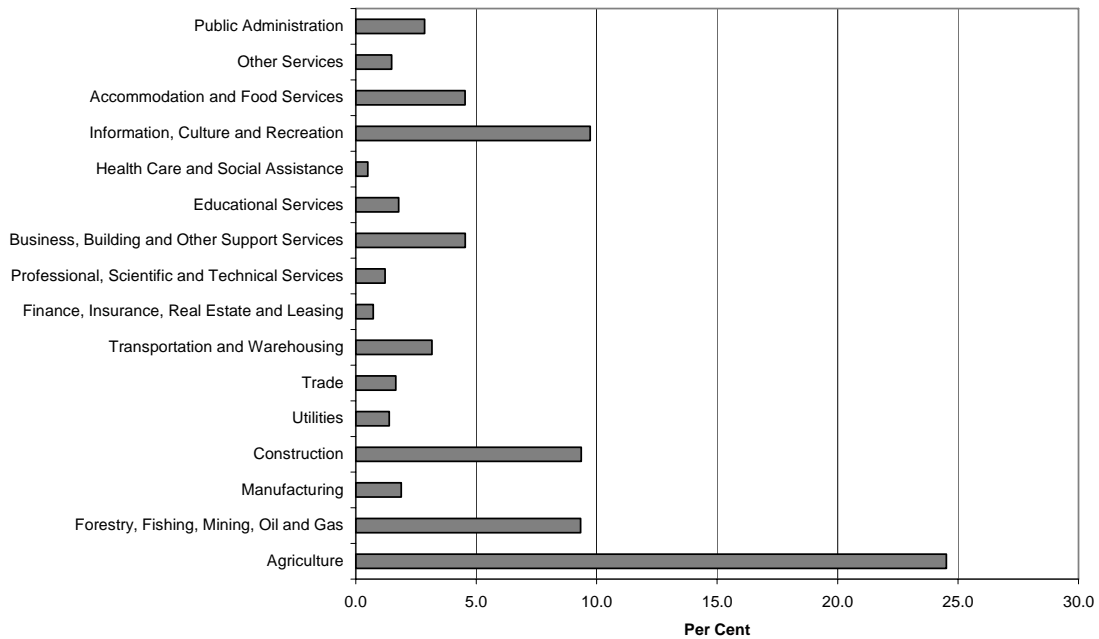
WORKERS IN SEASONAL EMPLOYMENT

As illustrated in Chart 3.3, seasonal employment exists to varying degrees in all main industry groups in Canada. Although the incidence of seasonal employment for the labour market as whole is small, it has grown marginally from 2.8% of total employment in 1997 to 3.1% in 2006. Despite this modest growth, it is thought that the average monthly variation in employment accounted for by seasonality has declined over the years as a consequence of technological change and relative growth in demand for services and manufactured goods.³¹⁴

313 Department of Finance, March 19, 2007, pp. 124-125 <http://www.budget.gc.ca/2007/pdf/bp2007e.pdf>.

314 S. de Raaf, C. Kapsalis and C. Vincent, "Seasonal Work and Employment Insurance Use," *Perspectives on Labour and Income*, Statistics Canada, September 2003, Vol. 4, No. 9, p. 5 <http://www.statcan.ca/english/freepub/75-001-XIE/0090375-001-XIE.pdf>.

Chart 3.3 - Distribution of Seasonal Employment by Industry, 2006



Source: Statistics Canada, *Labour Force Historical Review 2006*; and the Library of Parliament

As evidenced by the data shown above, workers in seasonal employment are key contributors to economic activity in many businesses, especially those operating in primary industries (e.g., agriculture, forestry, fishing, etc.); construction; and information, culture and recreation industries. Seasonal employment is most prevalent in agriculture, where almost one in four workers is employed in a seasonal job.

Although these data are not shown in Chart 3.3, of the 431,000 workers aged 15 and over who were employed in seasonal jobs in 2006, the largest proportion (16%) was employed in the construction industry, followed by the information, culture and recreation industry which accounted for 14.4% of total seasonal employment. Prince Edward Island had the highest proportion of seasonal workers (11.4% of total employees in 2006), followed by Newfoundland and Labrador (10.6%), New Brunswick (6%) and Nova Scotia (5.2%).

The Committee was told that seasonal workers are vital to many local and regional economies across the country, especially in Atlantic Canada. Moreover, seasonal employment is a reality of the Canadian labour market, and part of this reality is seasonal unemployment. Many factors can impede year-round employment among those engaged in seasonal work including limited employment opportunities; policy-induced work

disincentives; immobility; limited education, training and job skills; and inadequate labour market information.³¹⁵

Short of eliminating the fisheries industry in Atlantic Canada, there is no way to get around the problem of seasonal workers in the short run. It is not the fault of the workers that it is seasonal work.³¹⁶

Ms. Shirley Seward
Canadian Labour and Business Centre

Most of the witnesses who raised the issue of seasonal employment did so in the context of EI. Some witnesses argued that EI is providing a subsidy to seasonal industries and workers. In this context, it was argued that the EI program was not designed to support individuals who make regular and frequent claims for benefits. Others felt that EI does not sufficiently recognize the importance of seasonal workers.³¹⁷

Some witnesses suggested that measures should be implemented to encourage seasonally employed workers to obtain full-time, full-year employment. Those who opposed policies designed to attract workers away from seasonal activities and encourage them to accept non-seasonal, year-round jobs argued that this approach would exacerbate skills shortages in seasonal industries. We need to find a way to enhance the productive skills of workers in seasonal employment and lengthen their employment spells without creating labour market imbalances in seasonal sectors of the economy.

Enhancing labour mobility among seasonal workers and establishing labour-sharing arrangements to extend the duration of seasonal jobs was proposed as one way of lengthening employment spells among seasonally employed workers. We believe this approach has merit, provided workers are not forced to move.

315 According to a recent research report prepared for Human Resources and Social Development Canada, there are basically four ways to address seasonal unemployment: 1) encourage unemployed people to move to regions with better employment opportunities; 2) accept seasonal unemployment and provide permanent income support for the unemployed in the off-season; 3) extend the season for part-year jobs to as close to a full-year as possible; and 4) create either full-year jobs or part-year jobs in the off-season through an economic development strategy. See: A. Sharpe and J. Smith, *Labour Market Seasonality in Canada: Trends and Policy Implications*, Centre for the Study of Living Standards, Research Report Number 2005-01, February 2005, p. 15 — <http://www.csls.ca/reports/csls2005-01.pdf>.

316 Evidence, Meeting No. 9, June 20, 2006 at 10:10 a.m.

317 According to the most recent data available, seasonal claims represented 30.4% of all regular claims made in Canada in 2005-2006. There were significant regional differences in the incidence of seasonal claims, ranging from a low of 11.8% in Nunavut to a high of 54.6% in Prince Edward Island (Canada Employment Insurance Commission, *2006 Employment Insurance Monitoring and Assessment Report*, submitted to the Minister of Human Resources and Social Development Canada, March 31, 2007, p. 14, http://www.hrsdc.gc.ca/en/ei/reports/eimar_2006.pdf .

Immobility in the seafood industry is particularly important, as the seasons for employment can be short. Broader food-processing seasons can be linked together to extend the period of seasonal employment. This would allow fish workers to engage in employment opportunities in other areas. A number of the skills are transferable, especially in the areas of quality control sets. There must be at least some incentive, however, to assist the workers to move to other locations. The Province of New Brunswick is working with fish processing employees to provide a measure of support to facilitate employment in other seasonal industries that complement the crab season, for example particularly in blueberry and potato processing.³¹⁸

Ms. Johanna Oehling
National Seafood Sector Council

The Committee was told that because EI imparts disincentives to work, some employers, including seasonal ones, are unable to find enough workers to meet their needs. Others stated that seasonal employers face recruitment challenges and need to allocate resources to staff training at the beginning of every season. In the absence of EI, seasonal employers would face greater challenges retaining their seasonal workforces from season to season.

It has been a common occurrence for industry to communicate to us that local EI offices are suggesting to seasonal workers that they find employment in other industries that can offer year-round employment. This short-sighted action has exacerbated the labour shortage for industry and led to more industry frustration and discontent.³¹⁹

Mr. Victor Santacruz
Canadian Nursery Landscape Association

At the Moncton office, where I often answer the telephone, I received a call from an employer who has a fish processing business in Shédiac. He asked me very honestly how he could help his employees obtain employment insurance benefits. I thought I had misunderstood; he repeated his question. He told me he worked from May to October and did not want to lose his qualified employees. He told me they were the best and if they went elsewhere to find a fulltime job, he would really be in trouble. He had no one to replace them. He asked me what he should do so his employees qualify for employment insurance. I gave him the information he asked me for and that was it. That happens often.³²⁰

Ms. Andreea Bourgeois, New Brunswick and Prince Edward Island
Canadian Federation of Independent Business

Some witnesses argued that training should be offered to seasonally employed workers during periods of unemployment to enhance their skills and employability. These

318 Evidence, Meeting No. 15, October 5, 2006 at 11:30 a.m.

319 Evidence, Meeting No. 25, October 26, 2006 at 8:40 a.m.

320 Evidence, Meeting No. 22, October 24, 2006 at 2:15 p.m.

workers would then be in a better position to take advantage of other jobs that may be available at different times of the year, a situation that could help alleviate skills shortages experienced by seasonal employers. Another measure to alleviate short-term skills shortages in seasonal industries is to expand the use of temporary foreign workers, an issue that is discussed in greater detail in the next chapter of our report. Opponents of this approach maintained that labour market policies should focus on providing workers already in Canada with the necessary skills to ensure that an adequate supply of labour is available season after season.

There has been much discussion and debate recently on the topic of bringing in foreign workers to meet the shortages of the Canadian labour market; yet more efforts should be made to maximize and effectively utilize the Canadian labour pool.³²¹

Ms. Johanna Oehling
National Seafood Sector Council

In recent years, the federal government has launched a number of EI pilot projects to test ways to reduce EI disincentives and other shortcomings facing claimants residing in areas of the country with high unemployment rates (i.e., 10% or more). For example, in 2005, three pilot projects were introduced to test the impact of: (1) averaging “the best 14 weeks” of earnings in the qualifying period to make EI benefits more reflective of the earnings of those with sporadic work patterns; (2) reducing the qualification requirement of new entrants and re-entrants from 910 hours to 840 hours of insurable employment; and (3) raising the earnings exemption to the greater of \$75 or 40% of weekly benefits (from \$50 or 25%) to strengthen attachments to work of those receiving benefits.³²²

In addition to these pilot projects, on December 3, 2007 the federal government announced a further extension (until June 6, 2009) of a pilot project that was introduced in June 2004 to address a problem commonly referred to as the “black hole,” a situation that arises when seasonally employed claimants are unable to obtain enough weeks of EI benefits to bridge the period between the end of one work season and the beginning of the next. This pilot project provides five additional weeks of benefits to claimants residing in high unemployment regions of the country. According to an evaluation of this pilot project, “large proportions of non-seasonal (65.5%) and seasonal (73.2%) claimants without a gap in their income stream have also been entitled to five additional weeks of benefits under the pilot project.”³²³ Some witnesses regarded the intent of this pilot project as providing vital support for seasonal sectors of our economy; others were critical of the project’s design since, it also applies to non-seasonal workers. In addition, the increased benefit

321 Evidence, Meeting No. 15, October 5, 2006 at 11:30 a.m.

322 Canada Employment Insurance Commission, March 31, 2007, p. 63
http://www.hrsdc.gc.ca/en/ei/reports/eimar_2006.pdf.

323 Canada Employment Insurance Commission, *2005 Employment Insurance Monitoring and Assessment Report*, submitted to the Minister of Human Resources and Social Development on March 31, 2006, p. 83,
http://www.hrsdc.gc.ca/en/ei/reports/eimar_2005.pdf.

duration provided under this pilot project could have the unintended effect of restricting labour supply, a result contrary to the goal of addressing skills shortages and strengthening attachments to work.

As noted in Chapter 2, members of the Committee support and encourage the use of pilot projects to test, evaluate and identify ways of strengthening EI's labour market support for both employers and employees. Furthermore, we make a number of recommendations to increase investments in human capital that could serve to benefit seasonally employed workers. Beyond this, we support the establishment of pilot projects that provide: (1) incentives for seasonally employed workers to prolong their seasonal jobs, where possible, through increased mobility; and (2) EI benefit top-up payments for seasonally unemployed workers who accept employment during the off season or enrol in training that provides the skills needed to increase employment opportunities during the off season.

We also believe that the federal government, in partnership with provincial and territorial governments, should do more to support community-directed economic development in localities that are highly dependent on seasonal industries.

Recommendation 3.31

The Committee recommends that Human Resources and Social Development Canada develop and implement an EI pilot project to test the effectiveness of providing mobility assistance to seasonally employed workers who extend the duration of their seasonal jobs by moving within a region. This pilot project would assess the effects on employability of providing, in addition to mobility support, a supplementary EI benefit once a claim is established. The value of the supplementary benefit would depend on the number of additional weeks of seasonal employment worked. Participation in the pilot project would be voluntary.

Recommendation 3.32

The Committee recommends that Human Resources and Social Development Canada develop and implement a pilot project that provides financial incentives to seasonal claimants who accept employment or enrol in training during the off season.

Recommendation 3.33

The Committee recommends that federal regional economic development agencies, in consultation with the provinces, territories and stakeholders involved in community economic development, establish initiatives that support community-driven economic development projects designed to create off-season or year-round employment opportunities in communities experiencing relatively high levels of unemployment.

CHAPTER 4 — BEYOND OUR BORDERS: SELECTING SKILLED IMMIGRANTS AND UTILIZING TEMPORARY FOREIGN WORKERS

Immigration has been a longstanding contributor to Canada's labour supply. Many witnesses recognized the important role immigration has played and will continue to play helping Canada meet its skills needs. The Committee was told that immigration is expected to account for all net labour force growth in Canada within the next 10 years. Some witnesses suggested that Canada should rely less on foreign sources of skilled labour and become more self-sufficient by ensuring that workers in Canada have the necessary education and training opportunities to acquire the skills that are in demand. In our view, Canada needs both immigration and increased human capital investments in our domestic workforce if we hope to ensure that an adequate supply of skills is available to meet employers' needs in the years to come.

Today, one of the key policy objectives of Canada's immigration program is to select immigrants on the basis of their skills. Skilled workers represent the lion's share of Canada's immigration intake under the "economic class," a category that includes skilled workers, business immigrants, provincial nominees and live-in caregivers.³²⁴ In recent years, the economic class has accounted for between 55% and 60% of new permanent residents admitted each year. However, this immigration category's share of total landings is somewhat overstated, since the spouses and children of principal applicants are included in the economic class as well. Canada also permits the temporary entry of foreign workers to help employers meet their skills needs when they are unable to recruit enough resident workers. Temporary foreign workers are becoming an increasingly important source of skills, especially for certain sectors of the economy and regions of the country.

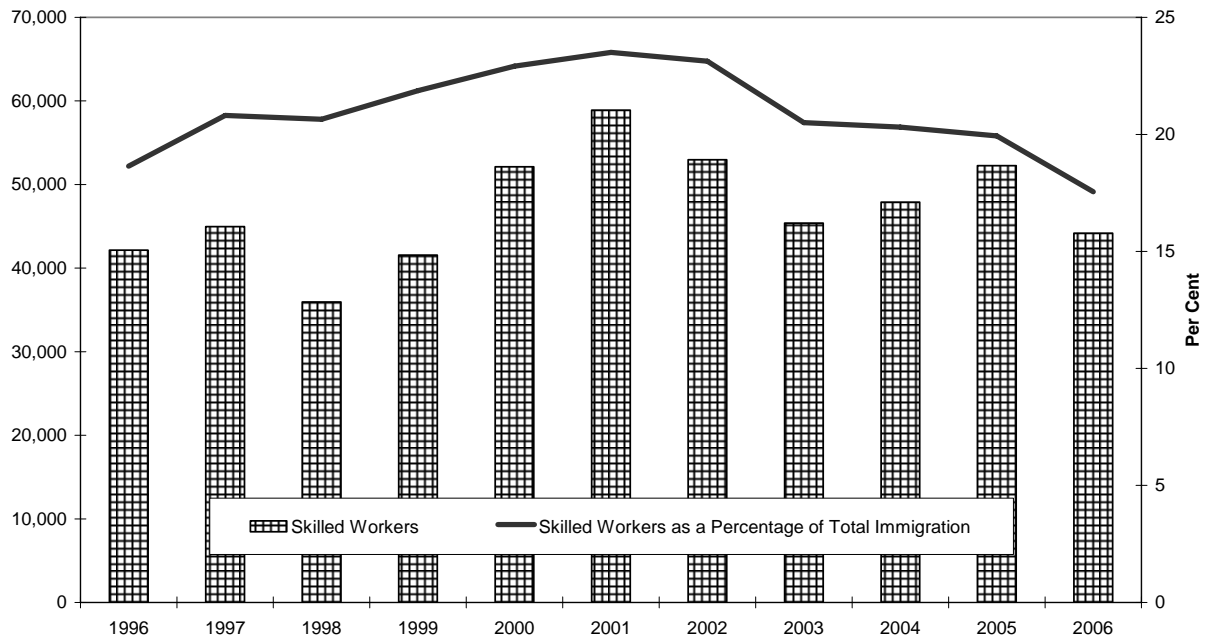
SELECTING SKILLED WORKERS

In 2006, the latest year for which annual data are available, Canada admitted 105,949 individuals as skilled workers, of which 44,163 (42%) were principal applicants.³²⁵ Skilled worker principal applicants accounted for 17.5% of our total immigration intake in that year. As shown in Chart 4.1, this immigration category (excluding spouses and children) has accounted for a declining share of total immigration since 2002.

324 Provincial nominees are admitted under agreements with provincial and territorial governments to meet their local economic needs. Provincial nominees are not subject to the selection criteria used to assess skilled workers. Live-in caregivers are admitted to Canada to work in private residences, provided the number of domestic workers is insufficient to meet demand. Live-in caregivers are granted temporary resident status for two years, after which they are eligible to apply for permanent residence.

325 Citizenship and Immigration Canada, *Facts and Figures 2006: Immigration Overview-Permanent and Temporary Residents*, 2007, p. 11, <http://www.cic.gc.ca/english/pdf/pub/facts2006.pdf>.

Chart 4.1 - Skilled Worker Immigration — Principal Applicants, 1996-2006



Source: Citizenship and Immigration Canada, and Library of Parliament

The current approach to selecting skilled workers came into effect in 2002 with the implementation of the *Immigration and Refugee Protection Act (IRPA)* (and *Regulations*). Citizenship and Immigration Canada maintains that in regard to skilled workers the IRPA seeks to select immigrants with the capacity to work in a dynamic labour market: “the focus is now on selecting immigrants with the flexible and transferable skills needed to succeed in a rapidly changing, knowledge-based economy, rather than on qualifications for specific occupations.”³²⁶ Despite this policy intention, it would appear that many skilled workers admitted under these selection criteria are unable to work in their intended occupation because their foreign education, skills and job experience are not fully recognized or accepted in the Canadian labour market. The Committee was told that the non-recognition of immigrants’ skills in the Canadian labour market is undermining our ability to attract skilled workers to Canada.

Under our current skilled worker point system, we’re attracting people who to some extent are already established in their own country. They have certain expectations when they come here. They want to settle down. They want to be part of Canada. Then, when they come here, their credentials are not being recognized. They can’t find jobs. To them, it’s like Canada has opened its arms and invited them to a dance party, but when they

326 Citizenship and Immigration Canada, *Annual Report to Parliament on Immigration 2005*, 2005, p. 17.

come, not only can they not find a partner, there's not even music being put on. So they decide to go home. When they go home, they tell their friends.³²⁷

Mr. Tung Chan
United Chinese Community Enrichment Services Society

Furthermore, it is estimated that a sizeable proportion of migration to Canada is temporary. According to Statistics Canada, between 1980 and 2000 approximately 35% of working-age male immigrants left Canada within 20 years of their arrival. Out-migration rates were highest among those admitted as skilled workers or under the business class. Not surprisingly, exit rates were highest when the economy was weakest.³²⁸

Individuals applying for permanent residence as skilled workers are selected according to the “points” system.³²⁹ This system assigns points according to six assessment factors — education (up to 25 points), official language (up to 24 points), work experience (up to 21 points), age (up to 10 points), arranged employment (up to 10 points) and adaptability (up to 10 points).³³⁰ Combined, these points equal a maximum of 100 and, as of September 2003, applicants must obtain at least 67 points to be considered admissible. In addition to obtaining the “pass mark,” principal applicants must show that in the past 10 years they have at least one continuous year of experience in full-time paid employment (or part-time equivalent) in an occupation requiring skill level O, A or B,³³¹ and demonstrate that they have sufficient financial resources to settle in Canada. Only principal applicants are subjected to this selection system.

Several witnesses suggested that the points system needs to be reformed to better reflect the needs of the Canadian labour market.³³² In some cases, the suggested reforms would shift the focus away from formal educational attainment to arranged employment

327 Evidence, Meeting No. 34, November 8, 2006 at 11:40 a.m.

328 A. Aydemir and C. Robinson, *Return and Onward Migration among Working Age Men*, Statistics Canada, March 2006, p. 21 <http://www.statcan.ca/english/research/11F0019MIE/11F0019MIE2006273.pdf>.

329 The Canada-Quebec Accord gives responsibility to Quebec to select its own skilled workers. A number of other provinces have signed agreements with the Government of Canada to select immigrants who will meet their regional needs (i.e., the Provincial Nominee Program-PNP). Immigrants selected under the PNP must continue to meet federal health and security requirements, but are not assessed according to the skilled worker selection criteria.

330 Appendix B contains a more detailed breakdown of the points assigned to each selection criteria.

331 Skill Level O refers to all management occupations (the National Occupational Classification codes for management occupations begin with O). Skill Level A represents occupations usually requiring university education and Skill Level B corresponds to occupations usually requiring college education or apprenticeship training.

332 During the 38th Parliament, the House of Commons Standing Committee on Citizenship and Immigration undertook a study on the recognition of the foreign experience and credentials of immigrants. In April 2005, that Committee held hearings across the country, visiting all the provincial capitals as well as Calgary, Montreal, Vancouver and Waterloo. We have considered a summary of the testimony pertaining to these hearings and note that similar concerns were raised by some witnesses regarding the effectiveness of the current points system in meeting Canada's skills needs.

and work experience. In view of the adjustment problems many immigrants face in making the transition into the Canadian labour market, consideration should be given to placing more importance on arranged employment, especially if the occupation in question requires a high level of formal education or skills training and is experiencing excess demand. Members of the Committee believe that the points system needs to be adjusted in a way that better reflects the specific occupational requirements of regional labour markets and that provides a more realistic valuation of skilled workers' human capital (e.g., formal education, skills training, work experience) vis-à-vis the Canadian labour market. For example, if a skilled worker applying for admission can demonstrate that his or her education, skills training or occupational credentials are recognized in Canada, this should be assessed and points awarded accordingly.

Change language and arranged employment requirements to remove the barriers to immigration of skilled tradespeople required by the residential construction industry. There are a number of ways to rebalance the points awarded for language, education, work experience, adaptability, and arranged employment that could be considered to overcome this problem.³³³

Canadian Home Builders' Association

The Committee recognizes that education is an important determinant of labour market success in the long term. It seems counterintuitive that our current selection system affords points for education levels below those usually required in today's labour market: "[a]dvanced studies are fast becoming a prerequisite for employment, with up to 70% of new and replacement jobs now demanding post-secondary education — far exceeding the number of PSE graduates available in the labour market."³³⁴ Given the upward trend in the skill intensity of occupational demand, it is unclear why points are awarded for education below the post-secondary level.

While the Committee was told that the points system does not afford enough recognition to skilled trades, we note that 22 points are awarded for a trade certificate or apprenticeship (with at least 15 years of full-time study), the same number of points awarded to applicants with two or more bachelor's degrees at the university level (see Appendix B).

Although the quality of education varies significantly around the world, Canada's points system does not reflect this; points are assigned for years of study and educational qualifications irrespective of the country of origin. If points for education are not assigned according to a Canadian standard, immigrants may find themselves looking for work in a

333 Canadian Home Builders' Association, *Employability in Canada Brief to the Standing Committee on Human Resources, Social Development and the Status of Persons with Disabilities*, September 6, 2006, p. 9.

334 Canadian Council on Learning, *Canadian Post-Secondary Education: A Positive Record — An Uncertain Future*, December 2006, p. iv <http://www.ccl-cca.ca/NR/rdonlyres/BD46F091-D856-4EEB-B361-D83780BFE78C/0/PSEReport2006EN.pdf>.

labour market where their schooling is valued less than it was in their country of origin. Australia avoids this situation by requiring potential skilled migrants to have their post-secondary qualifications assessed by the relevant assessing authority before they migrate.³³⁵ At the very least, consideration should be given to affording a higher assessment to credentials that are recognized in the Canadian labour market compared with those that are not.

Labour market success also requires strong language skills in one or both of Canada's official languages. According to the initial results (i.e., Wave 1) of Statistics Canada *Longitudinal Survey of Immigrants to Canada*,³³⁶ inadequate official language skills was identified as one of three key factors hampering immigrants' integration into the Canadian workplace (the other two were limited Canadian work experience and the non-recognition of credentials). Of the estimated 116,700 newcomers who arrived in Canada between October 2000 and September 2001 and who looked for work within the first six months of landing, 22% identified a lack of skills in either official language as the biggest hurdle to employment.³³⁷ Yet not all applicants assessed under the points system are required to take a language test to determine how many points should be awarded for language. In proving language proficiency, applicants may submit, with their application for immigration, a written explanation and supporting documentation (e.g., an explanation of training in English or French, an explanation of how frequently the applicant uses English or French, and official documentation of education in English or French) as proof of the language proficiency indicated in the application. An immigration officer then assigns points on the basis of this information.³³⁸ Given the importance of language in terms of securing a job, one wonders whether language testing should be mandatory for those applying to enter Canada as skilled workers.

Recommendation 4.1

The Committee recommends that the federal government review the assessment criteria used to select individuals who apply to immigrate to Canada as skilled workers with a view to: restricting points awarded for education to post-secondary education and training; providing more points (perhaps bonus points) for education and trades training

335 S. Richardson and L. Lester, *A Comparison of Australian and Canadian Immigration Policies and Labour Market Outcomes*, Report to the Department of Immigration and Multicultural and Indigenous Affairs, September 2004, pp. 20-1 http://www.dimia.gov.au/media/publications/pdf/comparison_immigration_policies.pdf.

336 About 12,000 individuals of the roughly 164,200 immigrants and refugees who entered Canada between October 2000 and September 2001 were interviewed at three different points in time: six months (Wave 1), two years (Wave 2) and four years (Wave 3) to gather information on their settlement experiences. See: Statistics Canada, *Longitudinal Survey of Immigrants to Canada: Process, progress and prospects*, Labour Market Entry, October 2003 <http://www.statcan.ca/english/freepub/89-611-XIE/89-611-XIE2003001.pdf>.

337 Ibid., p. 34.

338 Citizenship and Immigration Canada, *Immigrating to Canada as a Skilled Worker* <http://www.cic.gc.ca/english/skilled/qual-3-2.html>.

recognized in Canada; providing more points for arranged employment; providing points for high-skills occupations experiencing chronic shortages; providing points for Canadian work experience; and awarding points for official languages based on approved official language tests.

Recommendation 4.2

The Committee recommends that the federal government consider restructuring the points system to reward potential immigrants who can demonstrate that they have had their credentials assessed by an approved assessment agency. Although the results of these assessments may alter the decision to immigrate, at the very least they will serve to refine applicants' expectations and provide them with important, but necessary, information on any further education, training and licensing required to work in their designated occupation in Canada.

As shown in Chart 4.1, skilled worker principal applicants as a percentage of our total immigration intake fluctuated between 17.5% and 23.5% during the period 1996 to 2006. Given the prospect of growing labour market imbalances in the next decade and beyond, members of the Committee support continued efforts to maintain the intake of skilled worker principal applicants to no less than one-fifth of our annual immigration. This policy should be reflected each year in Canada's Immigration Plan.

Recommendation 4.3

The Committee recommends that the federal government adopt a multi-year Immigration Plan and, to the greatest extent possible, make a commitment to ensuring that skilled worker principal applicants account for at least 20% of our total annual immigration intake. In addition, Citizenship and Immigration Canada should give high priority to reducing the inventory of skilled worker applications for immigration to Canada. For greater clarity, it is not the Committee's intent that this recommendation adversely affect the intake of immigrants in other immigration categories.

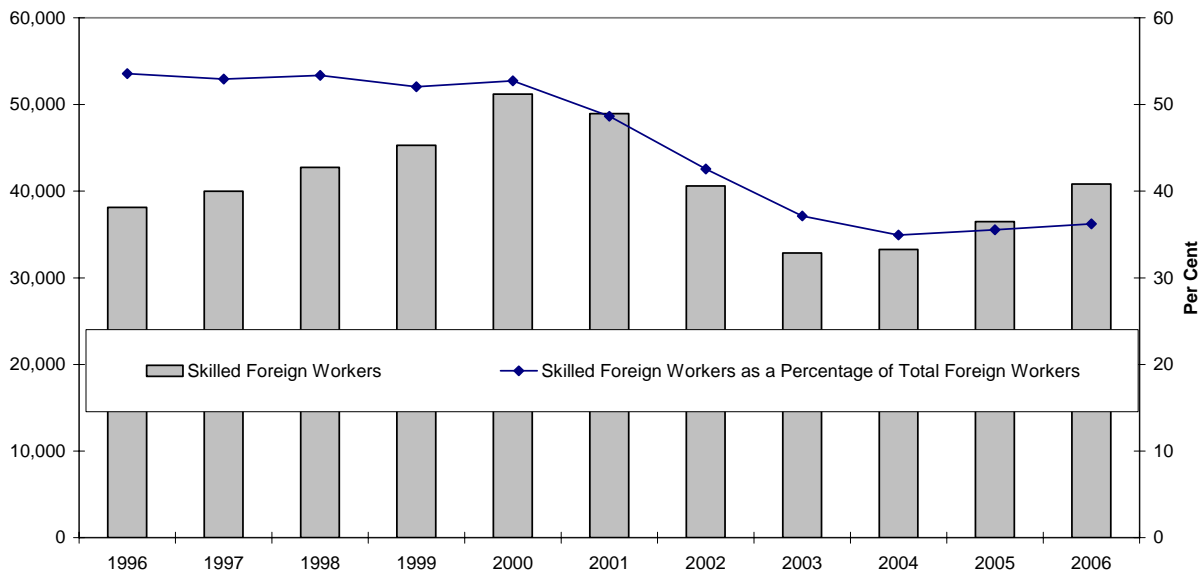
TEMPORARY FOREIGN WORKERS

In addition to admitting skilled workers as permanent residents, Canada also admits foreign workers on a temporary basis. In 2006, Canada admitted 112,658 temporary foreign workers to meet the skills needs of the Canadian labour market. As evidenced by

the data depicted in Chart 4.2, not all foreign workers who enter Canada on a temporary basis are highly skilled. In fact, these data show that the proportion of highly skilled³³⁹ foreign workers has declined since 2000. In 2006, skilled foreign workers accounted for roughly 36% of total foreign workers, down from almost 54% in 1996. Although Central Canada remains the destination of most temporary foreign workers, Western Canada's share of foreign workers has been rising rapidly in recent years, due to the overall tightening of the labour market in British Columbia and Alberta. In 2006, roughly 36% of all temporary foreign workers went to British Columbia and Alberta, up from one quarter at the beginning of the decade.³⁴⁰

The Committee was told that greater use should be made of temporary workers — both skilled and unskilled — to help ensure that Canada has enough workers to meet the needs of employers, some of whom are becoming increasingly reliant on temporary foreign workers to maintain or increase production. However, this view was not shared by all, as some witnesses questioned the rationale for admitting foreign workers into this country, especially low-skilled workers, given the number of unemployed workers in Canada.

Chart 4.2 - Annual Flow of Skilled Temporary Foreign Workers



Source: Citizenship and Immigration Canada and Library of Parliament

339 Highly skilled refers to Skill Level O, A and B.

340 Citizenship and Immigration Canada, 2007, p. 72, <http://www.cic.gc.ca/english/pdf/pub/facts2006.pdf>.

Before a temporary foreign worker is admitted to Canada, an employer's job offer must be assessed by Human Resources and Social Development Canada (HRSDC).³⁴¹ In this context, HRSDC personnel are supposed to confirm that: "the wages and working conditions associated with the job offer are standard for that type of employment; the job cannot easily be filled by a qualified and available Canadian; and allowing a foreign national to fill the position is unlikely to have a negative effect on the Canadian economy and labour force."³⁴² Some witnesses questioned HRSDC's labour market assessments regarding the difficulty employers have in filling particular positions. We recognize the concurrent existence of shortages and surpluses of similarly skilled workers in Canada. We also recognize that low wages (along with other factors discussed in Chapter 2 of our report) can impede geographical mobility for many unemployed workers, especially if the job offer entails moving halfway across the country.

HRSDC requires a labour market opinion to be provided when a temporary work permit is approved. They have to consider several factors. I want to highlight two of them. One factor is whether hiring a temporary worker addresses a labour shortage. Labour shortages in industries such as agriculture, child care, or elder care are in large part a result of poor working conditions and low wages in these sectors, as opposed to a shortage of low-skilled workers in Canada [...] Another factor that the HRSDC labour opinion requires before approving a temporary worker is — and this is important for us — whether the wages and working conditions offered are sufficient to attract Canadian citizens or permanent residents to, and retain them in, that work. We believe that this factor is too often overlooked. In essence, the Canadian government has adopted a policy of bringing in cheap foreign labour to perform the work that Canadians do not want to do, rather than addressing poor and unsafe working conditions in certain sectors.³⁴³

Ms. Veena Verma
Canadian Ecumenical Justice Initiatives — KAIROS

We have some members in Alberta, and I bring their example because they're the ones who have been bringing the majority of concerns to us. They don't have any employees right now. Some of their garden centres, some of their landscape companies, and some of their nurseries actually aren't operating in some cases. Some of them have gone out of their way to pay over \$5,000 to bring in a foreign worker for twelve months, and sometimes eight months, just to do the job. We have a lot of people in Canada who can do this work, and obviously we want Canada first. We have areas of high unemployment, so why not bring those people to other areas? Why not facilitate it?³⁴⁴

Mr. Victor Santacruz
Canadian Nursery Landscape Association

341 Not all temporary workers need a work permit (e.g., some guest speakers, performing artists, athletes, providers of emergency services, business visitors and diplomats).

342 Citizenship and Immigration Canada, *Fact Sheet 14: Temporary Foreign Workers* <http://www.cic.gc.ca/english/pub/index-2.html>.

343 Evidence, Meeting No. 26, October 26, 2006 at 10:40 a.m.

344 Evidence, Meeting No. 25, October 26, 2006 at 8:45 a.m.

[T]he CLC questions the employer's promoted myth of a widespread skills shortage in Canada. There is growing evidence that employers are using the claim of skills shortage to employ foreign workers in a range of skills categories thereby avoiding the obligation to provide workers with acceptable working conditions and wage levels.³⁴⁵

Mr. Hassan Yussuff
Canadian Labour Congress

The Committee was told that some temporary workers, especially seasonal agricultural workers, are subjected to substandard living accommodations and working conditions. The Seasonal Agricultural Worker Program (SAWP) permits agricultural producers to hire agricultural workers from a number of countries for a specific period of time (no longer than eight months). Like employers who hire temporary workers in general, agricultural employers are also required to try to hire unemployed Canadians to meet their labour needs. If employers are unable to hire enough Canadian workers to meet their labour needs, they may apply to hire foreign workers under SAWP provided that the wages to be paid are the same as those paid to Canadian workers (applications involving rates of pay below those paid to Canadian workers are not approved). Moreover, an employer must sign a contract with seasonal agricultural workers outlining the wages, job duties and conditions related to the transportation, accommodation, and health and occupational safety of contracted employees.³⁴⁶ HRSDC expects working conditions to conform to provincial labour standards and that accommodations (which are provided by the employer as part of the contract) be approved by the appropriate provincial or municipal authority.³⁴⁷

Some witnesses suggested that employers who do not respect their contracts with seasonal agricultural workers or do not meet minimum provincial labour standards should be penalized. Although federal authority is very limited in these areas, the federal government is certainly in a position to deny subsequent applications from employers who do not comply with the rules of the program.

Many of these workers work 12 to 15 hours a day without overtime pay or any type of holiday pay. They use dangerous chemicals and pesticides with no safety equipment or protection and training. They live in substandard housing, which I have pictures of, with leaking sewage and inadequate washrooms. They have an inability to access most employment insurance benefits despite their contributions. They face various barriers to accessing adequate housing services. And they're prohibited from forming collective bargaining and joining unions. For actually taking a stand for anything they believe in, they could be sent home. As such, many workers are reluctant to stand up for their rights, since employers find it easier to send workers home at their own expense instead of dealing with their serious concerns. The lack of an appeal mechanism in the seasonal

345 Evidence, Meeting No. 62, March 20, 2006 at 3:55 p.m.

346 Under the SAWP employers must pay for work permit fees and two-way airfare, of which a maximum of \$450 may be recouped from workers' pay.

347 Human Resources and Social Development Canada, "HRSDC Assessment Under the Seasonal Agricultural Worker Program" <http://www.hrsdc.gc.ca/en/epb/lmd/fw/seaagrass.shtml#haws>.

agricultural worker program forces many workers to remain silent out of fear of being expelled from the program.³⁴⁸

Mr. Chris Ramsaroop
Justice for Migrant Workers — Ontario

I know there's an underlying statement that in particular some of the unions make when referring to temporary workers, which is that this is just a way for construction industry employers to bring in cheap foreign labour. I want to say that is absolutely not the case. In fact it doesn't make sense. It's very expensive for a company to go out and find temporary foreign workers. There are relocation, travel, recruitment, and retraining costs, none of which you have with the Canadian worker. In short, should we be accepting any of these sorts of unfair treatment? Absolutely not. It is an absolute responsibility of the federal government to ensure that this not happening. However, those potential problems should not be dissuading us from ensuring that temporary foreign workers are a source of future labour supply.³⁴⁹

Mr. Jeff Morrison
Canadian Construction Association

Several witnesses expressed the view that temporary foreign workers should be given an opportunity to apply for permanent residence while in Canada, a feature that already exists in the Live-in Caregiver Program.³⁵⁰ Some proponents of this idea also suggested that a similar approach be taken to “regularize” undocumented individuals who have a significant attachment to the Canadian labour market, but reside illegally in this country.

Our employment and immigration policies were developed in an era when unemployment was a national challenge. The new challenge is finding workers, and we will be in a vicious international competition for immigrants with developed countries, such as the U.S., Europe, and Australia, which are experiencing the same demographic trends and labour shortage challenges [...] We need to modernize our immigration system, and in particular the point system, so that it recognizes the diverse needs of Canada's labour

348 Evidence, Meeting No. 29, October 27, 2006 at 8:50 a.m.

349 Evidence, Meeting No. 24, October 25, 2006 at 11:50 a.m.

350 Under the Live-in Caregiver Program applicants must: have successfully completed the equivalent of a Canadian high school education; have at least six months of full-time classroom training or 12 months of full-time employment (including six continuous months with one employer) in a field or occupation related to the job being sought as a live-in caregiver; be able to read, write and speak either English or French in a working environment; and have a written employment contract with a future employer. After completing at least two years under the Live-in Caregiver Program, individuals may apply for permanent residence in Canada <http://www.cic.gc.ca/english/pub/caregiver/caregiver-2.html#2>.

market. We need to put more emphasis on Canadian work experience and school credentials, and less emphasis on foreign education and experience. We need to make the temporary foreign worker programs into bridging programs to permanent residency.³⁵¹

Ms. Joyce Reynolds
Canadian Restaurant and Foodservices Association

As announced in Budget 2007, the federal government intends to introduce a new process for allowing, under certain conditions, the landing of foreign students with Canadian credentials and skilled work experience, and skilled temporary foreign workers who are already working in Canada. It is estimated that some 25,000 Canadian-educated foreign students and skilled foreign workers will be able to apply for permanent residence each year (\$33.6 million will be allocated over the next two years for this purpose).³⁵² Depending on the success of this initiative, future consideration could be given to expanding this initiative to other temporary foreign workers who have significant Canadian working experience.

Some witnesses told the Committee that hiring temporary foreign workers entails an administrative burden that needs to be reduced. Hiring foreign workers is costly and, in some cases, long processing times can have a direct impact on an employer's operations. The Committee is aware of Citizenship and Immigration Canada's service modernization initiative and applauds the steps that have been taken recently to enhance administrative efficiency. In this context, we note the recent establishment of temporary worker units in Vancouver and Calgary, on a trial basis, to help facilitate the entry of temporary workers in sectors where they are needed most. More recently, the federal government extended, where appropriate, HRSDC's Labour Market Opinion from 12 to 24 months, thus paving the way for longer periods of employment among foreign workers employed under the Pilot Project for Occupations Requiring Lower Levels of Formal Training (National Occupation Classification skill levels C and D). Effective February 23, 2007, concurrent processing for Labour Market Opinions and foreign national work permits is expected to reduce the overall processing time required to approve applications for temporary foreign workers.³⁵³ The Committee supports the recent allocation of \$50.5 million over the next two years to support improvements to the Temporary Foreign Worker Program (e.g., expanding the on-line application system and maintaining lists of occupations where workers are known to be in short supply) and encourages Citizenship and Immigration Canada to continue to seek ways to reduce the administrative burden facing employers who need quicker access to temporary foreign workers.

351 Evidence, Meeting No. 28, October 26, 2006 at 3:00 p.m.

352 Department of Finance, *The Budget Plan 2007 ASPIRE to a Stronger, Safer and Better Canada*, March 19, 2007, p. 218 <http://www.budget.gc.ca/2007/pdf/bp2007e.pdf>.

353 Citizenship and Immigration Canada, "Improvements to the foreign worker program" <http://www.cic.gc.ca/english/press/backgrounders/2007-02-23.html>.

Citizenship and Immigration needs to be more in tune with the process, more involved not only in creating approvals, but in assisting to enforce the rules of the program set out by HRSDC. There have been improvements, but there can still be more consistency among Service Canada HRSDC offices across the country in terms of the application of the rules of the program and especially in processing times [...] In Alberta, for example, it is upwards of 12 weeks for an employer to get an approval and that can often go longer. Then when an employee applies overseas, they're looking, depending on the embassy, at anywhere from six weeks to four months [...] That means lost productivity as that time goes on [...] The other major other issue employers would like to see is limiting HRSDC to the job description, working hours and the wages, leaving out matters such as air fare and some other requirements that are in the program that make it more of a burden on the employer than it needs to be.³⁵⁴

Mr. Gregg Badger
Canadian Meat Council

Recommendation 4.4

The Committee recommends that Citizenship and Immigration Canada examine and report on ways to facilitate the transition of foreign workers from temporary to permanent status and conduct a thorough assessment of the means and implications of recognizing, as temporary foreign workers, illegal workers who can demonstrate their successful integration into the Canadian labour market.

Recommendation 4.5

The Committee recommends that the federal government, in cooperation with provincial and territorial governments and stakeholders, take immediate action to end abuse and exploitation, and ensure labour rights and appropriate working and living conditions of participants under the Temporary Foreign Worker Program and the Seasonal Agricultural Worker Program.

Recommendation 4.6

The Committee recommends that Human Resources and Social Development Canada, in formulating its Labour Market Opinion pertaining to an employer's application to hire foreign workers, also assess the applicant's efforts to attract and train workers in Canada.

354 Evidence, Meeting No. 63, March 21, 2007 at 3:40 p.m.

INTEGRATING IMMIGRANTS INTO THE LABOUR MARKET

Given immigration's important role as a contributor to both the quantity and quality of labour in Canada, it is important to help immigrants make a quick and successful transition into the Canadian labour market. More often than not, when immigrants first enter the labour market there is usually a period of adjustment during which work experience is acquired, language skills are improved, and education and occupational credentials are assessed. Throughout this period, immigrants usually experience lower earnings and higher rates of unemployment compared with Canadian-born workers with similar attributes.

A growing body of evidence suggests that recent immigrants are experiencing greater difficulties integrating into the Canadian labour market compared with earlier cohorts. For example, immigrants who entered Canada within five years of the 1981 Census had an unemployment rate of 7.1%, compared with 7.9% among Canadian-born individuals. According to the 2001 Census, the unemployment rate among new arrivals was 12.7%, compared with 7.4% among Canadian-born individuals. In other words, the relative unemployment rate among new arrivals almost doubled during this 20-year period.³⁵⁵ In 2001, the relative unemployment rate among new arrivals with the highest levels of education was 3.5 times higher than among Canadian-born individuals with graduate degrees.³⁵⁶ More recent data published by Statistics Canada indicates that these observations are also applicable to recent immigrants aged 25 to 54.³⁵⁷

According to Statistics Canada, immigrants residing in Canada for less than five years had low-income rates of 24.6% in 1980, 31.3% in 1990 and 35.8% in 2000.³⁵⁸ In 2000, recent male immigrants aged 25 to 54 employed full time earned an estimated 19% less than their Canadian-born counterparts, while female immigrants earned about 20% less than Canadian-born women.³⁵⁹

355 C. Lochhead, *The Transition Penalty: Unemployment Among Recent Immigrants to Canada*, Canadian Labour and Business Centre, July 2003 http://www.clbc.ca/files/Reports/Fitting_In/Transition_Penalty_e-CLBC.pdf.

356 Canadian Labour and Business Centre, *CLBC Handbook on Immigration and Skill Shortages*, p. 24 of 36 http://www.clbc.ca/files/Reports/Immigration_Handbook.pdf.

357 In 2006, the relative unemployment rate among new arrivals in this age group was 2.3 times higher than similarly aged Canadian-born workers. In addition, the relative unemployment rate among recently arrived immigrants aged 25 to 54 with a post-secondary degree or diploma and a university degree were 4.2 and 3.9 times higher respectively than similarly aged and educated Canadian-born workers (D. Zietsma, *The Canadian Immigrant Labour Market in 2006: First Results from Canada's Labour Force Survey*, Statistics Canada, 2007, <http://www.statcan.ca/english/freepub/71-606-XIE/71-606-XIE2007001.pdf>).

358 G. Picot and F. Hou, *The rise in low-income rates among immigrants in Canada*, Statistics Canada, June 2003, p. 9 <http://www.statcan.ca/english/research/11F0019MIE/11F0019MIE2003198.pdf>.

359 Statistics Canada, *The Canadian Labour Market at a Glance, 2005*, June 2006, p. 91 <http://dsp-psd.communication.gc.ca/Collection/Statcan/71-222-X/71-222-XIE2006001.pdf>.

NOIVMWC has testimonies from newcomer women to show that this cohort of immigrant women and men are better qualified than ever before, yet they are worse off economically than any previous less-educated cohorts. Employability for us immigrants has come to mean being consigned to “McJobs” — dead end, low waged, and unskilled work — or short-term contract work with little or no benefits in a flexible labour market. Underemployment is the immigrant's curse, and we are the victims of skill erosion and what Professor Jeffrey Reitz refers to as brain waste.³⁶⁰

Anurahda Bose
National Organization of Immigrant and Visible Minority Women of Canada

According to Wave 2 data collected through the *Longitudinal Survey of Immigrants to Canada*, which focuses on prime working-age immigrants (i.e., 25 to 44 year olds) especially principal applicants in the skilled worker category, 80% of these immigrants worked in at least one job during their first two years in Canada (the breakdown for skilled workers, immigrants in the family category and refugees was 90%, 78% and 62% respectively).³⁶¹ Although the employment rate of prime working-age immigrants moved toward the national average over the 104-week period after landing, it was still 18 percentage points lower than the national rate for similarly aged Canadian workers by the end of this period. Roughly one-half of employed prime working-age immigrants held more than one job during their first two years in Canada. Of those who looked for employment 6 to 24 months after landing, 26% cited the lack of Canadian work experience as the most difficult problem in getting a job. This problem was followed by a lack of acceptance or recognition of foreign work experience or credentials (21%), language barriers (15%) and a lack of jobs (14%).³⁶² “Despite these challenges, the share of newcomers who said they were satisfied with their job increased from 74% six months after landing to 84% two years after landing. Job satisfaction was higher for those who were able to use their training, who worked in their intended occupation or who worked full-time.”³⁶³

360 Evidence, Meeting No. 65, March 27, 2007 at 11:30 a.m.

361 Statistics Canada, *Longitudinal Survey of Immigrants to Canada: Progress and Challenges of New Immigrants in the Workforce 2003*, October 2005, p. 7 <http://www.statcan.ca/english/freepub/89-615-XIE/89-615-XIE2005001.pdf>.

362 Ibid., p. 10. A roughly similar ranking (though smaller in magnitude) of these difficulties was reported among immigrants interviewed after 25 to 48 months of their arrival (Wave 3) (G. Schellenberg and H. Maheux, “Immigrants’ perspectives on their first four years in Canada: Highlights from three waves of the Longitudinal Survey of Immigrants to Canada,” *Canadian Social Trends*, April 2007, Table 9, <http://www.statcan.ca/english/freepub/11-008-XIE/2007000/pdf/11-008-XIE20070009627.pdf>).

363 Ibid., p. 11.

Many witnesses who appeared before the Committee identified similar problems experienced by immigrants trying to make a transition into the Canadian labour market. These witnesses made several recommendations to help newly arrived immigrants make the necessary adjustments to the Canadian labour market. For example, we were told that Canada should provide better labour market information to potential immigrants before their arrival in Canada. Immigrants need to receive accurate information about available jobs, potential difficulties obtaining Canadian work experience in their intended occupation, and what needs to be done to have their education and other credentials assessed and fully recognized.

I applied for immigration through proper channels [...] I did the interview, but they did not give me the right information. They said to me, you have a lot of opportunities in Canada. Right now you can enter [...] When I came, I found the scenario was totally different. I worked here at Agriculture and Agri-Food Canada as a volunteer for three years and seven months. On my own discipline, I have done 10,000 samples to them, but I left that one on the 31st of January of this year because there is no hope to get a job. How can I survive? I have two kids and my wife. My wife also did one year of voluntary work at Agriculture and Agri-Food Canada. Both of us did higher studies in U.K.³⁶⁴

Mr. Abdul Malek
Canadian Centre for Global Professionals

Members of the Committee believe that it is extremely important to provide potential immigrants with accurate and timely information about the way the Canadian labour market operates and what is required to find employment in their intended occupation. In doing so, immigrants may decide to take steps (e.g., have their credentials assessed) before immigrating to facilitate a smooth transition into the Canadian labour market. At the very least, with this information immigrants should arrive in Canada with more realistic labour market expectations. In this context, we support the initiative to create a Foreign Credential Referral Office within Citizenship and Immigration Canada to inform potential immigrants and newcomers already in Canada about the Canadian labour market, credential assessment and recognition requirements, and pathways to assessment services in Canada.³⁶⁵

We recommend providing potential immigrants with clear and accurate information about working in Canada prior to their immigration [...] increasing the funding for language programs that offer occupation-specific language training, employment preparation, and paid work placement [...] providing child care support and more flexible hours for ESL

364 Evidence, Meeting No. 65, March 27, 2007 at 10:20 a.m.

365 Department of Finance, March 19, 2007, p. 218.

students to improve accessibility [...] offering incentives to employers who will provide work placements or internships to immigrants to help them gain Canadian work experience.³⁶⁶

Ms. Lori Willocks
Calgary Immigrant Aid Society, Vibrant Communities Calgary

Many witnesses suggested that adjustment support for newcomers to Canada should focus on providing: opportunities to acquire Canadian work experience; bridge support for those who need upgrading to raise their qualifications to Canadian standards; and greater access to job-related language training. All of these measures were characterized by witnesses as important initiatives to help newcomers gain access to their intended occupations or find jobs that fully utilize their skills and knowledge.

We urge the Government of Canada to work with provincial governments, professional organizations, and licensing bodies to ensure loans and other resources are available for qualifying exams and upgrading, to develop academic assessment tools and testing, and to ensure retesting is accessible and affordable. We need to increase the opportunity for foreign-trained professionals to acquire more Canadian experience under supervision, and accelerate the accreditation or retraining process through English and French language training, including long-term and/or immersion language training where needed.³⁶⁷

Ms. Karen Dempsey
National Council of Women of Canada

[O]ne of the areas where the federal government could really make a big difference is funding ESL for skilled immigrants. What happens now is that there's much more of generic ESL provided and not ESL for professionals. At their initiative, certain colleges have tried to do that, but they have really struggled for lack of funding. That's a big support that could happen, and the coordination of the foreign credentials [...] the number one issue I had hoped to make was that the federal government would actually fund Canadian workplace training. A StatsCan survey has shown that the number one issue is not so much language, as we would have thought, as it is the lack of Canadian workplace practice experience. You get engineers, doctors, architects, and construction workers who have all the skills and a lot of experience, but what they miss is that little link that doesn't give them the Canadian registration because they haven't had Canadian workplace practice. I think my colleague was absolutely right in saying that much of what they need is that lexicon, that currency of practice, the way people talk in a workplace in Canada. You only get that from being in a Canadian workplace.³⁶⁸

Ms. Shyla Dutt
Pacific Foundation for Diversity

366 Evidence, Meeting No. 35, November 9, 2006 at 8:55 a.m.

367 Evidence, Meeting No. 20, October 24, 2006 at 9:15 a.m.

368 Evidence, Meeting No.33, November 8, 2006 at 9:30 a.m.

The federal government provides financial support to facilitate labour market adjustment among immigrants through several initiatives (e.g., Workplace Skills and Enhanced Language Training initiative) delivered primarily by Citizenship and Immigration Canada and HRSDC. The Enhanced Language Training initiative is a relatively recent measure that provides immigrants with job-specific language training and other services that help them secure employment (e.g., internships, temporary placement, help obtaining licensure, job search assistance). In 2007-2008, Citizenship and Immigration Canada expects to spend roughly \$41.5 million on this initiative. Given the magnitude and persistence of adjustment problems faced by newly arrived immigrants, many members of the Committee believe that more funding should be provided to help immigrants, especially those who are highly skilled, to acquire Canadian work experience and skills upgrading to attain a Canadian standard. Support for the latter could combine both repayable and non-repayable assistance, both of which could be determined according to financial and labour market needs.

Recommendation 4.7

The Committee recommends that the federal government examine the need for a special program to provide financial assistance in the form of loans and grants to newly arrived immigrants who require education or training to upgrade their credentials in order to attain Canadian accreditation.

Recommendation 4.8

The Committee recommends that Citizenship and Immigration Canada monitor closely the demand for job-related language training and seek additional funding as required to meet the needs of highly skilled immigrants who are unable to find employment in their intended occupation because they lack adequate official language skills.

Recommendation 4.9

The Committee recommends that one of the objectives associated with the recently proposed \$500 million investment in new labour market programming could be the successful integration of newly arrived immigrants into the Canadian labour market. In pursuit of this objective, a subsidy could be paid to employers who provide work opportunities to immigrants who are unable to find employment in their intended occupation because they lack Canadian work experience.

CONCLUSION

There is little doubt that Canadian policy-makers are about to be challenged by an unstoppable demographic event. In 2011, the baby-boom generation will begin to reach the age of 65. Although some workers in this demographic group have already left the workforce, most will leave the labour force during the next two decades. This event, combined with the long-term decline in Canada's fertility rate, will contribute to a major slowdown in labour force growth. Within the next ten years, immigration is expected to account for all net labour force growth.

Slower growth in the supply of skills, combined with the continually rising skills needs of the labour market, increases the likelihood that the skills shortages problem currently facing some employers across the country will worsen. To alleviate these labour market imbalances, the Committee recommends a number of measures to increase the participation of under-represented groups in the labour market as well as to increase investments in education and training, a key ingredient to improving Canadian productivity and economic prosperity.

A labour force that possesses the quality and quantity of skills needed in the workplace is a necessary, although insufficient, condition for meeting Canada's labour market needs in the years ahead. We must also ensure that workers' skills are recognized, accepted and utilized fully by employers in all regions of the country. We can no longer afford to waste the skills of domestic- and foreign-born workers.

As noted at the outset of our report, addressing the labour market challenges that Canada will face over the next decade and beyond will not be solved today. But we need to move quickly to ensure that better policies are in place to address Canada's current and future employability challenges. It is our hope that the recommendations presented in this report will contribute to the development of these policies, collectively referred to as an employability strategy, and that these policies will produce a more inclusive, skilled and adaptable workforce to meet Canada's labour market challenges in the years ahead.

Finally, members of the Committee would like to thank all of the groups and individuals who took the time to submit a brief and/or to testify at one of our many meetings held across the country. Without their thoughtful consideration and expertise, along with their patience in view of several interruptions to our study, our report would not have been possible.

LIST OF RECOMMENDATIONS

Recommendation 1.1

The Committee recommends that federal and provincial/territorial governments contribute funding and work together with business, labour, educators and other key stakeholders to further the development of a national human resources planning capability by expanding the sector council model. As a first priority, efforts should focus on establishing a sector council on health care services.

Recommendation 1.2

The Committee recommends that the federal government support the establishment of stronger links between the skills needs identified by sector councils and those provided through the educational system to ensure that curricula reflects, and continues to develop in concert with, Canada's socio-economic needs.

Recommendation 1.3

The Committee recommends that Human Resources and Social Development Canada improve the quality and timeliness of labour market information and provide more detailed skills-based demand and supply forecasts for regional and local labour markets.

Recommendation 1.4

The Committee recommends that Human Resources and Social Development Canada continue to work with the Canadian Council of Directors of Apprenticeship to standardize apprenticeship training and certification programs across the country, to increase the number of Red Seal certifications and to extend Red Seal designations to trades that require compulsory certification.

Recommendation 1.5

The Committee recommends that all signatories to Chapter 7 of the *Agreement on Internal Trade* (AIT) continue to work toward full compliance, particularly in terms of workers with foreign training who are fully licensed in one jurisdiction, and that the Forum of

Labour Market Ministers continue to examine avenues for improving the AIT's mobility provisions as well as beginning discussions to expand the number of occupations covered under Chapter 7 and ensure the protection of technical and professional occupational standards.

Recommendation 1.6

The Committee recommends that the federal government examine the moving expenses provision of the *Income Tax Act* with a view to extending this provision to individuals who must leave their principal residence to work on a temporary basis, provided their principal residence is retained.

Recommendation 1.7

The Committee recommends that the federal government provide funding to assist individuals who agree to relocate to enter employment in occupations experiencing skills shortages.

Recommendation 1.8

The Committee recommends that skilled workers — as defined in Part 6, Division 1 of the *Immigration and Refugee Protection Regulations* — applying to immigrate to Canada, especially those whose designated occupation is regulated, be fully informed by Immigration Officers and other stakeholders abroad as to the education, training and licensing requirements to practise in the province or territory in which they intend to reside. Applicants should be fully informed of credentials assessment services in Canada and should be strongly encouraged to have their credentials assessed by an approved agency prior to immigrating to Canada.

Recommendation 1.9

The Committee recommends that the federal government continue to pursue, in cooperation with provincial and territorial governments and other stakeholders, a national agency for the assessment and recognition of credentials, especially foreign credentials. The Committee proposes that this agency adopt a broad mandate to: (1) promote national standards for the certification and licensing of workers; (2) develop and provide avenues for the assessment of credentials and the licensing of internationally trained individuals

who immigrate to Canada; (3) ensure that equivalency exams are fair and accurately reflect the knowledge requirements expected of individuals educated in Canada; (4) promote international awareness about our education and certification requirements for various occupations; and (5) promote the development and adoption of a system for recognizing prior learning and work experience to facilitate access to the formal education system.

Recommendation 2.1

The Committee recommends that the federal government consider expanding and restructuring the Apprenticeship Job Creation Tax Credit and the Apprenticeship Incentive Grant to encourage growth in apprenticeships and the completion of apprenticeship training generally.

Recommendation 2.2

The Committee recommends that the federal government examine and evaluate, in coordination with the provinces that do not already have a similar program, a federal training fund based on the Quebec model, into which all employers with payrolls over \$1 million are required to invest the equivalent of 1% of their payroll, minus the amount they verifiably spend on workplace literacy and other training.

Recommendation 2.3

The Committee recommends that the Forum of Labour Market Ministers and the Council of Ministers of Education, Canada work together to examine and implement ways to better integrate apprenticeship training and post-secondary education across the country. It is thought that a more integrated system would increase the attractiveness of apprenticeship training and accommodate the movement of individuals between both systems.

Recommendation 2.4

The Committee recommends that the federal government encourage employers to provide workplace literacy training by permitting them to deduct some multiple of literacy training-related expenses that are incurred relative to some predetermined period or base year.

Recommendation 2.5

The Committee recommends that the federal government, in collaboration with provincial and territorial governments, set concrete national targets in the short, medium and long terms to raise Canada's literacy rates based on the International Adult Literacy and Skills Survey. The Committee recommends that the federal government begin as soon as possible to develop and implement a ten-year plan with adequate funding to achieve these targets through a coherent national adult learning strategy, including bilateral accords with each province and territory.

Recommendation 2.6

The Committee recommends that the federal government, in collaboration with provincial and territorial governments, commit to adequate, long-term, stable, transparent, core funding for national, provincial, territorial and regional literacy coalitions, and other education and training-based organizations, including funding for public awareness and learner outreach projects; financial and logistical access and support for learners; professional development; family literacy approaches; and partnerships between levels of government, and between employers and labour.

Recommendation 2.7

The Committee recommends that the federal government continue to monitor the impact of the Canada Student Loans Program on students from low-income families, students from immigrant communities, students from rural and remote parts of Canada, Aboriginal students and students with disabilities, to ensure that these students have equitable access to student financial assistance programs. The federal government should monitor debt levels associated with student loans and ensure, through non-repayable financial support, that borrowing costs do not constrain access to a post-secondary education.

Recommendation 2.8

The Committee recommends that the federal government consider the following changes to the student loan system in its discussions with provincial and territorial governments pursuant to the proposals in Budget 2008 and issue a response to the Committee:

- 1. Significantly reduce or eliminate the federal student loan interest rate;**
- 2. Create a federal Student Loan Ombudsperson to help students navigate the loan system, objectively resolve problems and ensure that students are treated with fairness and respect;**
- 3. Provide better relief during repayment of student loans, including expanding eligibility for permanent disability benefits, interest relief and debt reduction;**
- 4. Create enforceable federal standards governing the conduct of government and private student loan collection agents, subject to the policy objective of helping students find ways to repay their loan;**
- 5. Ensure that student borrowers are made aware of the total cost of their loan and receive regular, clear, accurate statements of account;**
- 6. Amend the “lifetime limit” on student loans such that they are not repayable until six months after the completion of full-time studies, including doctoral programs and medical residency;**
- 7. Reduce the discriminatory ban on bankruptcy protection for student loans to two years;**
- 8. Work with the provinces and territories to ensure that each Canadian student loan borrower can integrate all federal and provincial/territorial loans into one single loan for simpler repayment; and**
- 9. Reinstate the six-month interest-free grace period.**

Recommendation 2.9

The Committee recommends that the federal government review Canada Student Loan repayment policies and practices to ensure that students who incur high levels of debt under the Canada Student Loans Program have sufficient flexibility to repay their loans. Consideration should be given to specifying conditions for extending the period at which loan repayment begins, as well as the period at which interest on loans begins to accrue. This additional flexibility is particularly important for individuals, such as medical school graduates and other post-graduate students, who currently cannot defer repayment despite ongoing training.

Recommendation 2.10

The Committee recommends that the federal government provide long-term, stable funding in a dedicated post-secondary education transfer, in continuing collaboration with the provinces and territories.

Recommendation 2.11

The Committee recommends that, subject to provincial and territorial agreement, the federal government continue to fund capacity-building initiatives in Canada's post-secondary education system and that consideration be given to providing ongoing funding for post-secondary infrastructure.

Recommendation 2.12

The Committee recommends that the federal government continue to monitor the borrowing needs of part-time learners, including mature students, to ensure that they have adequate access to publicly funded, needs-based financing.

Recommendation 2.13

The Committee recommends that the federal government review the *Income Tax Act* with a view to broadening the applicability of tuition and education tax credits, as well as the tax credit for interest paid on student loans, to provide more financial incentives to adults to engage in lifelong learning.

Recommendation 2.14

The Committee recommends that the federal government ensure that funding is provided to finance cost-shared projects that make use of technologies to expand lifelong learning opportunities, particularly projects that address the learning needs of workers in geographical areas where access to Canada’s post-secondary education system is limited.

Recommendation 2.15

The Committee recommends that the federal government establish assistance measures for workers, especially low-income workers, to allow them to participate in lifelong learning.

Recommendation 2.16

The Committee recommends that the federal government continue to work with the provinces and territories to improve the effectiveness of measures delivered under Labour Market Development Agreements. Primary consideration should be given to improving the effectiveness of Employment Benefits and Support Measures in addressing Canada’s growing skills shortages.

Recommendation 2.17

The Committee recommends that the federal government review the definition of “insured participant” under section 58 of the *Employment Insurance Act* with the intent of broadening eligibility for Employment Benefits and Support Measures.

Recommendation 2.18

The Committee recommends that, pursuant to Part V of the *Employment Insurance Act*, the federal government develop and implement pilot projects to:

- 1. Assess the impact and effectiveness of various qualification requirements and coverage conditions to identify program reforms that would strengthen work incentives, enhance employability and better address the needs of self-employed workers; and**

- 2. Assess the effectiveness of EI contribution rebates for employers who: provide training to enhance the employability of workers in seasonal employment, older workers, Aboriginal workers and workers with disabilities; alleviate specific skill shortages; and enhance the basic skills of individuals with low levels of literacy.**

Pilot project costs associated with this recommendation should not be included as part of the expenditure limit contained in section 78 of the *Employment Insurance Act*.

Recommendation 2.19

The Committee recommends that, subject to cost-shared funding arrangements and agreements with the provinces and territories, the federal government provide financial assistance to support measures that reduce the high school dropout rate.

Recommendation 3.1

The Committee recommends that the Minister of Labour encourage provincial and territorial labour ministers to establish a working group to examine barriers to continued employment among workers once they reach the age of 65, especially with regard to mandatory retirement provisions that continue to operate in some parts of the country.

Recommendation 3.2

The Committee recommends that the federal government examine section 15 of the *Canadian Human Rights Act* with a view to defining as a discriminatory practice the termination of an individual's employment because he or she has reached the normal age of retirement for employees working in similar positions.

Recommendation 3.3

The Committee recommends that in their next triennial review of the *Canada Pension Plan* the Ministers of Finance consider possible changes to the Plan to better accommodate concurrent work and partial pension payments, and examine the need for actuarial adjustments to Canada Pension Plan payments with a view to ensuring that the impact of this program on seniors' decisions to remain in the workplace is, at the very least, neutral.

Recommendation 3.4

The Committee recommends that the federal government monitor and assess the impact of the proposal in Budget 2008 to increase the Guaranteed Income Supplement earnings exemption to \$3,500.

Recommendation 3.5

The Committee recommends that the federal government examine the efficacy of broadening the age and community eligibility criteria under the Targeted Initiative for Older Workers. In addition, consideration should be given to broadening the scope of this or some other program to support internship and mentorship opportunities for older workers. In the event that the Targeted Initiative for Older Workers program is broadened, funding could come from the newly announced \$500 million investment in new labour market programming, given that one of the stated objectives of this spending is to increase the labour force participation of under-represented groups in the Canadian labour market.

Recommendation 3.6

The Committee recommends that Human Resources and Social Development Canada conduct a comprehensive evaluation, in full consultation with Aboriginal groups, of the Aboriginal Human Resources Development Strategy to assess the results to date and to determine whether the Strategy can: meet the needs of Aboriginal working parents (particularly single mothers); meet the needs of a rapidly growing young Aboriginal population that will reach working age in the near future; and achieve its long-term goal of raising the Aboriginal employment rate to a level comparable to that found among non-Aboriginal Canadians. Based on the results of this evaluation, the federal government should, if necessary, dedicate

additional resources as needed, in particular by adopting long-term strategies of ten years to provide Aboriginal organizations, including band governments, planning and consultation time in the beginning years so they can take full advantage of the opportunities offered, and make any necessary modifications to the Strategy to enhance its effectiveness in meeting the employability needs of Aboriginal people.

Recommendation 3.7

The Committee recommends that the federal government, in partnership with provincial/territorial governments and Aboriginal stakeholders, take immediate steps to strengthen the commitment to provide high-quality, culturally relevant elementary and secondary education to Aboriginal students. Indian and Northern Affairs Canada should develop culturally sensitive measures and programs to reduce the high school drop-out rate among Aboriginal students and to better prepare students for post-secondary education. Pilot projects that would allow students to be linked with successful Aboriginal mentors should be used to strengthen school attendance and completion. The Committee recognizes the particular need to address education for First Nations and Aboriginal people from a lifelong learning perspective which includes: early childhood development; kindergarten to grade 12; post-secondary education; adult education and training. Part of this approach must include a commitment to build more schools on reserves to address the chronic lack of classroom space.

Recommendation 3.8

The Committee recommends that the federal government commit to better supporting Indigenous education institutions, taking into consideration the proposals in Budget 2008.

Recommendation 3.9

The Committee recommends that the federal government take the necessary steps to improve access to post-secondary education for Aboriginal people. Among other initiatives, the eligibility criteria for the Post-Secondary Student Support Program and the University College Entrance Preparation Program offered through Indian and Northern Affairs Canada should be broadened, and the budget for these programs should be increased and indexed to growth in the Aboriginal post-secondary school-age population. The federal

government must continue to support the Indian and Northern Affairs Canada Post-Secondary Student Support Program and consider removing the two-per cent cap instituted in 1996.

Recommendation 3.10

The Committee recommends that the federal government, in collaboration with provincial/territorial governments and Aboriginal stakeholders, develop a program to raise awareness among Aboriginal people about the importance of, and economic benefits associated with, completing a post-secondary education.

Recommendation 3.11

The Committee recommends that Human Resources and Social Development Canada encourage the participation of Aboriginal people in trades-related training by working with Aboriginal stakeholders to examine initiatives and budgets geared specifically to meeting the needs of Aboriginal workers.

Recommendation 3.12

The Committee recommends that the federal government continue to support and implement fully the Racism-free Workplace Strategy to reduce discriminatory barriers to employment, promote a better understanding of Aboriginal cultural issues, and promote the socio-economic advancement of Aboriginal people.

Recommendation 3.13

The Committee recommends that the federal government, in partnership with other governments and Aboriginal stakeholders, develop innovative solutions to relocation problems that arise when Aboriginal people, especially youth and women, move to urban centres in search of employment.

Recommendation 3.14

The Committee recommends that the federal government examine the feasibility of developing incentive-based programs to encourage partnerships between employers operating near reserves and Aboriginal stakeholders that would foster training and employment opportunities on or near reserves.

Recommendation 3.15

The Committee recommends that the federal government, in partnership with provincial/territorial governments and Aboriginal organizations, develop a national Aboriginal housing policy to address the needs of Aboriginal people living on and off reserves. To maximize the socio-economic benefits of this policy, skills training should be provided to Aboriginal people who are interested in jobs related to residential construction, housing services and other occupations in the housing industry.

Recommendation 3.16

The Committee recommends that the federal government recommit to an Aboriginal Business Strategy, in which it would support Aboriginal economic development by setting fixed targets to make Aboriginal-owned businesses a preferred supplier of services and materials, especially in remote and northern regions.

Recommendation 3.17

The Committee recommends that the federal government, in consultation with provincial and territorial governments and stakeholders, continue to develop and implement a national disability act to promote and ensure the inclusion of people with disabilities in all aspects of Canadian society.

Recommendation 3.18

The Committee recommends that the federal government increase funding for the Opportunities Fund and expand the terms and conditions of this program to support effective long-term interventions and skills development opportunities, especially with respect to essential skills training. A portion of the increased funding could be used to enhance the participation of employers and to provide employers and employees with knowledge about disability issues, accommodation in the workplace, and the tools available to create an inclusive workplace. Particular attention should be given to monitoring and reporting results to ensure that the program achieves its anticipated outcomes.

Recommendation 3.19

The Committee recommends that one of the objectives associated with the recently proposed \$500 million investment in new labour market programming be the successful integration into the labour market of persons with disabilities, with a goal to increase opportunities for those who face multiple barriers to employment. New funding levels for this objective should be established in accordance with federal–provincial/territorial agreements.

Recommendation 3.20

The Committee recommends that Human Resources and Social Development Canada conduct a thorough assessment of the disability component of the Aboriginal Human Resources Development Strategy and on the basis of this assessment make the necessary revisions to enhance the labour force participation of Aboriginal people with disabilities.

Recommendation 3.21

The Committee recommends that the federal government, in consultation with provincial and territorial governments and stakeholders, assess the need for and develop initiatives to improve accessibility within the learning environment for students with disabilities.

Recommendation 3.22

The Committee recommends that the federal government, in consultation with provincial and territorial governments and stakeholders, assess the need for and develop initiatives to facilitate school-to-work transitions for young people with disabilities.

Recommendation 3.23

The Committee recommends that the federal government, in consultation with employers and stakeholders, develop new tax incentives to encourage employers to make the necessary accommodations to hire and retain employees with disabilities (e.g., technical equipment, modified workstations, etc.).

Recommendation 3.24

The Committee recommends that the federal government assess and enhance its role as a champion and role model in the creation and development of employment opportunities for persons with disabilities, including by using its purchasing power to acquire products and services produced or provided by persons with disabilities; by extending coverage of the federal contractors program to include more employers; by reviewing and enhancing employment equity measures; and by ensuring that the full spectrum of employment opportunities of the federal government and its agencies include persons with disabilities.

Recommendation 3.25

The Committee recommends that the federal government take further steps to enhance pay and employment equity in Canada; affirm that pay equity is a fundamental human right protected under the *Canadian Charter of Rights and Freedoms* and human rights law; and devise an effective methodology for job evaluation, job comparison and wage adjustments.

Recommendation 3.26

The Committee recommends that Human Resources and Social Development Canada establish pilot projects under the Labour Market Agreements for Persons with Disabilities to assess the feasibility and effectiveness of providing disability-related supports (including mobility devices) to eligible participants to facilitate their integration into the labour market. The list of disability-related supports that would be eligible for funding should be developed in consultation with the provincial and territorial governments, disability groups and Aboriginal organizations.

Recommendation 3.27

The Committee recommends that the federal government expand the Working Income Tax Benefit to address the low-income wall by including more low-income workers, specifically by raising the maximum income amounts for single workers and single parents. The federal government should assess the Quebec and Saskatchewan models for ways to reduce the lag time between assessment of income and receipt of benefit.

Recommendation 3.28

The Committee recommends that the federal government consider requesting that provincial and territorial governments devote some portion of the Canada Social Transfer to finance comprehensive and effective labour market adjustment support to help social assistance recipients enter financially rewarding employment. Income support paid to social assistance recipients participating in these labour market adjustment programs should be treated as earnings for the purposes of the Working Income Tax Benefit.

Recommendation 3.29

The Committee recommends that the federal government maintain and extend affordable housing programs — in consultation with the provinces and territories and stakeholders — to increase the supply of affordable housing and thereby enhance the employability of low-income individuals, including Aboriginal people, recent immigrants and single-parent families, three groups whose core housing needs are relatively high.

Recommendation 3.30

The Committee recommends that the federal government ensure full funding for a national public early learning and child care system, including existing private child care centres, and pass legislation to enshrine principles of accessibility, quality and accountability in such a system, in consultation with provinces, territories and stakeholders.

Recommendation 3.31

The Committee recommends that Human Resources and Social Development Canada develop and implement an EI pilot project to test the effectiveness of providing mobility assistance to seasonally employed workers who extend the duration of their seasonal jobs by moving within a region. This pilot project would assess the effects on employability of providing, in addition to mobility support, a supplementary EI benefit once a claim is established. The value of the supplementary benefit would depend on the number of additional weeks of seasonal employment worked. Participation in the pilot project would be voluntary.

Recommendation 3.32

The Committee recommends that Human Resources and Social Development Canada develop and implement a pilot project that provides financial incentives to seasonal claimants who accept employment or enrol in training during the off season.

Recommendation 3.33

The Committee recommends that federal regional economic development agencies, in consultation with the provinces, territories and stakeholders involved in community economic development, establish initiatives that support community-driven economic development projects designed to create off-season or year-round employment opportunities in communities experiencing relatively high levels of unemployment.

Recommendation 4.1

The Committee recommends that the federal government review the assessment criteria used to select individuals who apply to immigrate to Canada as skilled workers with a view to: restricting points awarded for education to post-secondary education and training; providing more points (perhaps bonus points) for education and trades training recognized in Canada; providing more points for arranged employment; providing points for high-skills occupations experiencing chronic shortages; providing points for Canadian work experience; and awarding points for official languages based on approved official language tests.

Recommendation 4.2

The Committee recommends that the federal government consider restructuring the points system to reward potential immigrants who can demonstrate that they have had their credentials assessed by an approved assessment agency. Although the results of these assessments may alter the decision to immigrate, at the very least they will serve to refine applicants' expectations and provide them with important, but necessary, information on any further education, training and licensing required to work in their designated occupation in Canada.

Recommendation 4.3

The Committee recommends that the federal government adopt a multi-year Immigration Plan and, to the greatest extent possible, make a commitment to ensuring that skilled worker principal applicants account for at least 20% of our total annual immigration intake. In addition, Citizenship and Immigration Canada should give high priority to reducing the inventory of skilled worker applications for immigration to Canada. For greater clarity, it is not the Committee's intent that this recommendation adversely affect the intake of immigrants in other immigration categories.

Recommendation 4.4

The Committee recommends that Citizenship and Immigration Canada examine and report on ways to facilitate the transition of foreign workers from temporary to permanent status and conduct a thorough assessment of the means and implications of recognizing, as temporary foreign workers, illegal workers who can demonstrate their successful integration into the Canadian labour market.

Recommendation 4.5

The Committee recommends that the federal government, in cooperation with provincial and territorial governments and stakeholders, take immediate action to end abuse and exploitation, and ensure labour rights and appropriate working and living conditions of participants under the Temporary Foreign Worker Program and the Seasonal Agricultural Worker Program.

Recommendation 4.6

The Committee recommends that Human Resources and Social Development Canada, in formulating its Labour Market Opinion pertaining to an employer's application to hire foreign workers, also assess the applicant's efforts to attract and train workers in Canada.

Recommendation 4.7

The Committee recommends that the federal government examine the need for a special program to provide financial assistance in the form of loans and grants to newly arrived immigrants who require education or training to upgrade their credentials in order to attain Canadian accreditation.

Recommendation 4.8

The Committee recommends that Citizenship and Immigration Canada monitor closely the demand for job-related language training and seek additional funding as required to meet the needs of highly skilled immigrants who are unable to find employment in their intended occupation because they lack adequate official language skills.

Recommendation 4.9

The Committee recommends that one of the objectives associated with the recently proposed \$500 million investment in new labour market programming could be the successful integration of newly arrived immigrants into the Canadian labour market. In pursuit of this objective, a subsidy could be paid to employers who provide work opportunities to immigrants who are unable to find employment in their intended occupation because they lack Canadian work experience.

APPENDIX A

SKILLS SHORTAGES IN KEY SECTORS: MANAGING SKILLS SHORTAGES AND SURPLUSES IN CANADA³⁶⁷

The Shortages

Canada's overall economy is operating at full production capacity, with unemployment at the lowest level in three decades. In a recent report from the Bank of Canada, 51% of firms surveyed reported that they currently face labour shortages that will restrict their ability to meet demand.

Many analysts are predicting labour shortages will affect all regions and sectors of Canada by 2010. A recent study by the Canadian Federation of Independent Business reveals a growing long-term vacancy rate among Canada's small businesses. It estimates that there were 233,000 positions in small- and medium-sized businesses unfilled for at least four months in 2005.

In some sectors shortages are pronounced in some parts of the country while surpluses are evident in others. It is therefore no surprise that managing both labour shortages and surpluses have emerged as a major concern for employers across Canada.

The current shortages stem from a combination of factors including an aging population and declining birth rates. The Canadian economy is evolving requiring higher skills and knowledge from workers. Productivity and competitiveness require a well trained workforce. In some cases individuals have responded and are extending their schooling. However many young people continue to leave school, ill prepared for today's work force.

Impact of Shortages

The extent of the severity of the problem affecting both large and small employers is reflected in the following findings:

According to the Construction Sector Council, *Construction Looking Forward 2006-2014*; the new reality will be fewer workers and more work which threatens to limit economic growth, affecting all business cycles, provinces and industries. Canada's

367 Excerpt from the Alliance of Sector Councils, Submission to the House of Commons Standing Committee on Human Resources, Social Development and the Status of Persons with Disabilities, *Overcoming Skills Shortages Sector-by-Sector*, September 2006

construction industry will need to replace approximately 150,000 retiring workers between 2005 and 2014 (Construction Sector Council).

The Mining Industry Human Resources Council predicts that over the next ten years, industry growth coupled with looming waves of retirement will create a need for up to 81,000 people in the Canadian minerals and metals industry workforce.

The trucking industry requires approximately 37,000 new truck drivers a year over the next five years (Canadian Trucking Human Resources Council).

The tourism industry projects growth of 300,000 new jobs over the next decade but the lack of young new recruits to fill these jobs are converging to create unprecedented labour shortages.(Canadian Tourism Human Resource Council).

Growth in manufacturing will require up to 62,000 skilled workers in aircraft maintenance by 2016.

78% of employers in the installation, maintenance and repair of appliances and electronic sector have indicated recruitment of skilled employees is their main challenge. More than one-third of the current workforce is 55 or older. Twenty-five per cent of the current workforce plan to retire in the next 5 years. (Installation, Maintenance and Repair Sector Council).

The Motor Carrier Passenger Council estimates that the bus industry will be facing a critical shortage of skilled and qualified mechanics and drivers to replace the estimated 45% of employees who will be retiring in the next five to seven years.

It is estimated that close to 40% of existing police workforce will retire over the next five years. (Police Sector Council).

Almost one-half of employers in the automotive repair industry (48.1%) and 57% of employers in the motorcycle repair sector reported that a lack of qualified staff was a significant issue for their organization. (Canadian Automotive and Repair Council).

The biotechnology industry has identified a shortage of managers with science and management competencies. (Biotechnology Human Resource Sector Council).

From 2001 to 2008 the plastics processing industry will add 28,500 more jobs while turnover will bring 25,000 new workers to the industry each year. (Canadian Plastics Sector Council).

The apparel sector in Canada is starting to grow again after having gone through a major restructuring where about half the jobs in the sector were lost between 2001 (104,000) and 2005 (62,000). The sector is transforming itself from a blue collar to white collar sector with close 5,000 new technicians' jobs being required by mid 2007 and

another 12,000 higher skilled production, technical and management jobs to be created over the next 5 to 7 years.

The Electricity Sector Council estimates that almost 40% of the current workforce will be eligible to retire by 2014. In some industry sectors (nuclear) or regions (British Columbia) the profile is worse with 40 % of the workforce approaching retirement. The industry will be challenged to replace those retirees with individuals of comparable and experience.

In Alberta there are more than \$120 billion worth of capital works projects on the books, employers will need to fill 400,000 new jobs by 2010 and to date the Alberta government has identified where 300,000 workers will come from.

It is anticipated there will be a serious succession issue in the area of cultural management as a generation of senior cultural managers prepare to take retirement. Sixty-six per cent of employers in Canada reported having difficulty filling positions with particular difficulty in filling positions for engineers, drivers, mechanics, electricians and skilled trades. (Manpower, 2006).

Fifty thousand skilled metal tradespersons will be needed in the next five years. (Canadian Tooling and Machining Industry).

The Automotive Parts Manufacturers' Association is projecting a 42% vacancy rate across Canada by 2007.

In the next 15 years the manufacturing sector will require an estimated 400,000 workers due to retirements. (Canadian Labour and Business Centre).

A 2005 study found that 62 of 76 major industrial associations are already having trouble finding the help they need. (Canada West Foundation).

APPENDIX B ASSESSMENT CRITERIA AND POINTS AWARDED FOR THE PURPOSE OF SELECTING SKILLED WORKERS UNDER CANADA'S IMMIGRATION PROGRAM

Factor One: Education	Maximum 25
You have a Master's Degree or Ph.D. and at least 17 years of full-time or full-time equivalent study.	25
You have two or more university degrees at the bachelor's level and at least 15 years of full-time or full-time equivalent study.	22
You have a three-year diploma, trade certificate or apprenticeship and at least 15 years of full-time or full-time equivalent study.	22
You have a university degree of two years or more at the bachelor's level and at least 14 years of full-time or full-time equivalent study.	20
You have a two-year diploma, trade certificate or apprenticeship and at least 14 years of full-time or full-time equivalent study.	20
You have a one-year university degree at the bachelor's level and at least 13 years of full-time or full-time equivalent study.	15
You have a one-year diploma, trade certificate or apprenticeship and at least 13 years of full-time or full-time equivalent study.	15
You have a one-year diploma, trade certificate or apprenticeship and at least 12 years of full-time or full-time equivalent study.	12
You completed high school.	5
Learn more about the specific requirements and definitions of terms .	

Factor Two: Official Languages	Maximum 24
1st Official Language	
High proficiency (per ability)	4
Moderate proficiency (per ability)	2
Basic proficiency (per ability)	1 to maximum of 2
No proficiency	0
Possible maximum (all 4 abilities)	16
2nd Official Language	
High proficiency (per ability)	2
Moderate proficiency (per ability)	2
Basic proficiency (per ability)	1 to maximum of 2
No proficiency	0
Possible maximum (all 4 abilities)	8
Learn more about the specific requirements and the documents you need .	
Factor Three: Experience	Maximum 21
1 year	15
2 years	17
3 years	19
4 years	21
Learn more about specific requirements for earning work experience points.	
Factor Four: Age	Maximum 10
21 to 49 years at time of application	10
Less 2 points for each year over 49 or under 21	
View the full age chart to determine your points.	

Factor Five: Arranged Employment In Canada	Maximum 10
You have a permanent job offer that has been confirmed by Human Resources and Skills Development Canada (HRSDC).	10
You are applying from within Canada and have a temporary work permit that was:	
issued after receipt of a confirmation of your job offer from HRSDC; or	10
you have a temporary work permit that was exempted from the requirement of a confirmed job offer from HRSDC on the basis of an international agreement (e.g., NAFTA), a significant benefit to Canada (e.g., intra-company transfer) or public policy on Canada's academic or economic competitiveness (e.g., post-graduate work).	10
Learn more about specific requirements and conditions .	
Factor Six: Adaptability	Maximum 10
Spouse's or common-law partner's education	3 – 5
Minimum one year full-time authorized work in Canada	5
Minimum two years full-time authorized post-secondary study in Canada	5
Have received points under the Arranged Employment in Canada factor	5
Family relationship in Canada	5
Learn more about specific requirements and conditions .	
Total	Maximum 100
Pass Mark	67

Source: Citizenship and Immigration Canada
(<http://www.cic.gc.ca/english/skilled/qual-5.html>)

APPENDIX C LIST OF WITNESSES

Organizations and Individuals	Date	Meeting
<p>Department of Human Resources and Social Development</p> <p>Barbara Glover, Acting Director General, Labour Market Policy</p> <p>Cliff Halliwell, Director General, Policy Research and Coordination Directorate</p> <p>Karen Jackson, Senior Assistant Deputy Minister, Skills and Employment Branch</p> <p>Corinne Prince-St-Amand, Acting Director General, Foreign Workers and Immigrants</p>	2006/06/01	4
<p>Department of Human Resources and Social Development</p> <p>John Atherton, Director General, Active Employment Measures</p> <p>Barbara Glover, Acting Director General, Labour Market Policy</p> <p>Donna Kirby, Acting Director General, Canada National Literacy Programs</p> <p>Peter Larose, Director General, Workplace Partnerships Directorate</p> <p>Andrew Treusch, Assistant Deputy Minister, Strategic Policy and Planning</p>	2006/06/08	6
<p>Statistics Canada</p> <p>Alain Bélanger, Coordinator, Demography Division, Research and Analysis Section</p> <p>Philip Cross, Manager, Current Economic Analysis</p> <p>François Nault, Director, Culture, Tourism and the Centre for Education Statistics</p> <p>Susan Stobert, Manager, Participation and Activity Limitation Survey</p> <p>Maryanne Webber, Director General, Labour and Household Surveys Branch</p>	2006/06/13	7
<p>Canadian Chamber of Commerce</p> <p>Robert McKinstry, Senior Policy Analyst</p> <p>Michael Murphy, Executive Vice-President, Policy</p>	2006/06/20	9
<p>Canadian Labour and Business Centre</p> <p>Clarence Lochhead, Senior Researcher</p> <p>Shirley Seward, Chief Executive Officer</p>		
<p>Canadian Policy Research Networks</p> <p>Sharon Manson Singer, President</p> <p>Ron Saunders, Director, Work Network</p>		

Organizations and Individuals	Date	Meeting
<p>Canadian Healthcare Association Sharon Sholzberg-Gray, President and Chief Executive Officer</p> <p>Canadian Medical Association Colin McMillan, President William Tholl, Secretary General and Chief Executive Officer</p> <p>Canadian Nurses Association Lisa Little, Senior Nurse Consultant, Health Human Resources Planning</p> <p>Canadian Pharmacists Association Janet Cooper, Senior Director, Professional Affairs Brian Stowe, President</p> <p>Health Action Lobby Pamela Fralick, Chief Executive Officer, The Canadian Physiotherapy Association</p>	2006/09/21	10
<p>Department of Human Resources and Social Development Cathy Drummond, Director General, Services for People with Disabilities Nancy Lawand, Director, Canada Pension Plan Disability Policy Caroline Weber, Director General, Office for Disability Issues</p> <p>Public Service Human Resources Management Agency of Canada Karen Ellis, Vice-President, Public Service Renewal and Diversity Kami Ramcharan, Director General, Diversity Division</p>	2006/09/26	12
<p>Centre for the Study of Living Standards Andrew Sharpe, Executive Director</p> <p>Groupe de réflexion et d'initiative des immigrants diplômés à l'étranger Renaud Arnaud, President</p> <p>Movement for Canadian Literacy Wendy DesBrisay, Executive Director</p> <p>National Council of Welfare Sheila Regehr, Director</p>	2006/09/28	13
<p>Alliance of Sector Councils Andrew Cardozo, Executive Director</p> <p>Mining Industry Human Resource Council Paul Hébert, Executive Director</p>	2006/10/03	14

Organizations and Individuals	Date	Meeting
<p>Software Human Resource Council Inc. Paul Swinwood, President</p>		
<p>Biotechnology Human Resource Council Colette Rivet, Executive Director</p>	2006/10/05	15
<p>Canadian Automotive Repair and Service Jennifer Steeves, Executive Director</p>		
<p>Cultural Human Resources Council Susan Annis, Executive Director</p>		
<p>Electricity Sector Council Catherine Cottingham, Executive Director and Chief Executive Officer Norm Fraser, Vice-President, Operations</p>		
<p>National Seafood Sector Council Phil LeBlanc, President, IMO Foods Canada Limited Johanna Oehling, President</p>		
<p>Canadian Federation of Independent Business Bradley George, Director, Provincial Affairs, Newfoundland and Labrador</p>	2006/10/23	18
<p>National Association of Career Colleges James Loder, Director and Board Member, Newfoundland and Labrador</p>		
<p>Newfoundland & Labrador Workplace/Workforce Learning Committee and Literacy Newfoundland and Labrador Ed Brown, Director Kimberley Gillard, Executive Director</p>		
<p>Society of Rural Physicians of Canada Michael Jong, President James Rourke, Dean, Faculty of Medicine, Health Sciences Centre, Memorial University of Newfoundland John Wootton, Editor, Canadian Journal of Rural Medicine</p>		
<p>As an individual Jean Ann Ledwell</p>	2006/10/23	19
<p>Council of Canadians with Disabilities Marie White, National Chairperson</p>		
<p>Fish, Food and Allied Workers Union Lana Payne, Communications and Research</p>		

Organizations and Individuals	Date	Meeting
<p>Newfoundland and Labrador Association for Community Living Melanie Thomas, Executive Director Sean Whiltshire, Chief Executive Officer, Avalon Employment Corporation</p>		
<p>CUPE - PEI (Canadian Union of Public Employees) Leo Cheverie</p>	2006/10/24	20
<p>National Council of Women of Canada Karen Dempsey, Vice-President, Economics</p>		
<p>Nova Scotia Association of Social Workers Susan Nasser, Executive Director Leslie Williams, Master of Social Work Student</p>		
<p>TEAM Work Cooperative Ltd. Tova Sherman, Executive Director, ReachAbility Brian Tapper, Board Member</p>		
<p>As an individual Florence Javier</p>	2006/10/24	21
<p>Association of Workplace Educators of Nova Scotia (AWENS) Leslie Childs, Workplace Educator Margan Dawson, Executive Director</p>		
<p>National Adult Literacy Database Inc. Sue Folinsbee, Principal Charles Ramsey, Executive Director</p>		
<p>New Brunswick Child Care Coalition Jody Dallaire, Coordinator</p>		
<p>Nova Scotia Advisory Council on the Status of Women Patricia LeBlanc, Member, Advisory Council Brigitte Neumann, Executive Director</p>		
<p>Acadia Centre for Small Business & Entrepreneurship Elly Danica, Consultant, Older Worker Transitions Shawna Keddy, Project Coordinator, Community Development</p>	2006/10/24	22
<p>Atlantic Institute for Market Studies Stephen Kymlicka, Senior Policy Analyst</p>		
<p>Canadian Federation of Independent Business Andreea Bourgeois, Senior Policy Analyst, New Brunswick and Prince Edward Island</p>		

Organizations and Individuals	Date	Meeting
<p>Nova Scotia Department of Education Keith Messenger, Strategic Planning and Policy Analyst, Skills and Learning Branch</p> <p>As an individual</p> <p>Marie-Pier Archambault Pierre-Alexandre Clermont</p> <p>Fondation de la langue française pour l'innovation sociale et scientifique Jean-Marc Beausoleil, Agent de développement de solutions et de projets</p> <p>Quebec Federation of University Students Philippe-Olivier Giroux, President, Conseil national des cycles supérieurs Apollinaire Ndobu, Vice-President, Conseil national des cycles supérieurs</p> <p>SPHERE-Québec (Soutien à la personne handicapée en route vers l'emploi au Québec) Nancy Moreau, Director General Lyne Vincent, Project Officer</p>	2006/10/25	23
<p>Canadian Construction Association</p> <p>Alfonso Argento, Chairman Jeff Morrison, Director, Government Relations and Public Affairs</p> <p>Canadian Federation of Independent Business André Lavoie, Senior Policy Analyst</p> <p>Quebec Interprofessional Council André Gariépy, Director General</p>	2006/10/25	24
<p>Canadian Association for Prior Learning Assessment</p> <p>Bonnie Kennedy, Executive Director</p> <p>Canadian Nursery Landscape Association Harold Deenen, Co-Chair, Human Resource Committee Victor Santacruz, Executive Director</p> <p>Frontier College John Daniel O'Leary, President</p>	2006/10/26	25
<p>Canada's Association for the Fifty-Plus</p> <p>Judy Cutler, Director, Government and Media Relations William Gleberzon, Director, Government Relations</p>	2006/10/26	26

Organizations and Individuals	Date	Meeting
Canadian Ecumenical Justice Initiatives (KAIROS)		
Jennifer Devries, Program Coordinator, Refugees and Migration		
Cecilia Diocson, Executive Director, National Alliance of Philippine Women in Canada		
Francisco Rico-Martinez, Co-Director, FCJ Refugee Centre		
Veena Verma, Barrister & Solicitor, Cavalluzzo Hayes Shilton McIntyre & Cornish LLP		
Ontario Institute for Studies in Education/ University of Toronto		
Karen Lior, Executive Director, Toronto Training Board		
Peter Sawchuk, Acting Head, Centre for the Study of Education and Work		
As an individual	2006/10/26	27
David MacGregor, Professor of Sociology, King's University College at the University of Western Ontario		
Canadian Council on Rehabilitation and Work		
Carole J. Barron, President and CEO		
Norma Ricker, Director, Employment Partnerships		
SEDI (Social and Enterprise Development Innovations)		
Simon Bailey, Project Coordinator		
Bob Wilson, Director, Self Employment		
Canadian Food Industry Council	2006/10/26	28
Cheryl Paradowski, Executive Director		
Canadian Home Builders' Association		
Paul Gravelle, Coordinator, Education and Training		
Mary Lawson, Past President		
David Wassmansdorf, Immediate Past President		
Canadian Restaurant and Foodservices Association		
Joyce Reynolds, Executive Vice-President, Government Affairs		
Canadian Supply Chain Sector Council		
Kevin A. Maynard, Executive Director		
Justicia for Migrant Workers - Ontario	2006/10/27	29
Chris Ramsaroop, National Organizer		
Metro Toronto Chinese and Southeast Asian Legal Clinic		
Avvy Yao-Yao Go, Director		

Organizations and Individuals	Date	Meeting
Ontario March of Dimes		
Judy Quillin, Director		
Andrea Spindel, President and Chief Executive Officer		
Alliance for Equality of Blind Canadians	2006/10/27	30
John Rae, President		
As an individual		
Marvin Caplan		
Canadian Association for Community Living		
Cameron Crawford, Director, Research and Knowledge Management		
Ontario Federation of Labour		
Pam Frache, Director, Education		
Ontario Network of Injured Worker Groups		
Orlando Buonastella, Organizer		
Steve Mantis, Secretary		
Partners in Employment-London/Middlesex		
Mark Anderson, Member		
Robert Collins, Director, Goodwill Industries		
Bruce Rankin, Manager, Employment Services		
ASPECT	2006/11/08	33
Norma Strachan, Executive Director		
Community Social Planning Council of Greater Victoria		
Jane Worton, Member		
Pacific Foundation for Diversity		
Shyla Dutt, Member		
Canadian Dental Hygienists Association	2006/11/08	34
Bonnie Blank, President		
International Association of Bridge, Structural, Ornamental and Reinforcing IronWorkers - Local 97		
Perley Holmes, Business Manager		
International Union of Painters & Allied Trades		
Pat Byrne, Business Manager, District Council 38		
Muscular Dystrophy Canada		
Ken M. Kramer, Chair		

Organizations and Individuals	Date	Meeting
<p>United Chinese Community Enrichment Services Society Tung Chan, Chief Executive Officer Barbara Mitchell, Manager, Employment Centre</p>		
<p>Canadian Down Syndrome Society Kirk Crowther, Manager, Advocacy Leadership Dale Froese, VATTA Committee Member</p>	2006/11/09	35
<p>Canadian Mental Health Association Jodi Cohen, President and Chair, Alberta Division</p>		
<p>Disability Action Hall Colleen Huston, Coordinator Denise Young, Director, Community Development</p>		
<p>Vibrant Communities Calgary Ramona Johnston, Director Lori Willocks, Settlement Coordinator, Calgary Immigrant Aid Society</p>		
<p>Canadian Federation of Independent Business Dan Kelly, Vice-President, Western Canada</p>	2006/11/09	36
<p>Literacy Alberta Elaine Cairns, Chair Ian Kennedy, Vice-President</p>		
<p>Retail Council of Canada Diane J. Brisebois, President and Chief Executive Officer Dianne Johnstone, Director, Government Relations and Membership Services (Alberta)</p>		
<p>Sustained Poverty Reduction Initiative Christine MacFarlane, Director Leigh Sherry, Policy Analyst</p>		
<p>The Logistics Institute Karyn W. Ferguson, Program Director Linda Lucas, Director at Large</p>		
<p>As an individual Trudi Gunia</p>	2006/11/10	37
<p>Calories Restaurants Janis Cousyn, Proprietor</p>		

Organizations and Individuals	Date	Meeting
Saskatchewan Federation of Labour		
Ron Hitchcock, Chair , Human Rights Committee Larry Hubich, President		
Provincial Interagency Network on Disability (PIND)	2006/11/10	38
Ron Bort, Chair, Saskatchewan Voice of People with Disabilities Bev Duncan, Executive Director		
Saskatchewan Home Builders' Association		
Ken McKinlay, Executive Director		
Saskatchewan Labour Force Development Board		
Mark Hanley, Management Consultant, Points West Management Consultants		
Canadian Council on Learning	2007/03/20	62
Paul Cappon, President and Chief Executive Officer		
Canadian Labour Congress		
Karl Flecker, National Director, Anti-Racism and Human Rights Department Hassan Yussuff, Secretary-Treasurer		
Canadian Paraplegic Association		
Ellen Hicks, Director, Advocacy and Communications David B. Hinton, Executive Director, National Office - Ottawa		
Fédération canadienne pour l'alphabétisation en français		
Gaétan Cousineau, Director General		
Police Sector Council		
Geoff Gruson, Executive Director		
Canadian Dental Association	2007/03/21	63
Irwin Fefergrad, Registrar, Royal College of Dental Surgeons of Ontario Wayne Halstrom, President		
Canadian Meat Council		
Gregg Badger, Vice-President, Placement Services James Laws, Executive Director		
Child Care Advocacy Association of Canada		
Monica Lysack, Executive Director		
Innovera Integrated Solutions		
Alar L. Prost, President		

Organizations and Individuals	Date	Meeting
United Steelworkers Jorge Garcia-Orgales, Researcher, Canadian National Office		
Association of Canadian Community Colleges Gerald Brown, President	2007/03/22	64
Department of Human Resources and Social Development Gerald Gosselin, Director, Aboriginal Peoples Directorate, Citizen and Community Service Branch, Service Canada John Kozij, Director, Aboriginal Strategic Policy, Aboriginal Affairs, Employment Programs Policy and Design Marilyn Lumsden, Senior Policy Advisor, Aboriginal Affairs, Employment Programs Policy and Design		
National Association of Friendship Centres Peter Dinsdale, Executive Director		
Native Women's Association of Canada Sherry Lewis, Executive Director		
As an individual Louis Buschman, Consultant	2007/03/27	65
Canadian Centre for Global Professionals Monjur Chowdhury, Chief Executive Officer Abdul Malek, Director, Research		
Canadian Council of Professional Engineers Marie Lemay, Chief Executive Officer		
Canadian Federation of Independent Business Lucie Charron, Economist Corinne Pohlmann, Director, National Affairs		
Canadian Federation of Nurses Unions Linda Silas, President		
Canadian Society for Medical Laboratory Science Kurt H. Davis, Executive Director		
CNIB (Canadian National Institute for the Blind) Bill McKeown, Vice-President, Government Relations Catherine Moore, Director, Consumer and Government Relations		

Organizations and Individuals**Date****Meeting**

**National Organization of Immigrant and Visible
Minority Women of Canada**

Anurahda Bose, General Director

Mirjana Pobric, Project Coordinator

APPENDIX D LIST OF BRIEFS

Organizations and individuals

Alliance for Equality of Blind Canadians

Alliance of Sector Councils

Arsenault, Paula

ASPECT

Association of Canadian Community Colleges

Association of Workplace Educators of Nova Scotia (AWENS)

Biotechnology Human Resource Council

Canada's Association for the Fifty-Plus

Canadian Association for Community Living

Canadian Automotive Repair and Service

Canadian Centre for Global Professionals

Canadian Chamber of Commerce

Canadian Construction Association

Canadian Council of Chief Executives

Canadian Council of Professional Engineers

Canadian Council on Learning

Canadian Council on Rehabilitation and Work

Canadian Dental Hygienists Association

Canadian Down Syndrome Society

Canadian Federation of Independent Business

Canadian Federation of Nurses Unions

Canadian Food Industry Council

Canadian Healthcare Association

Canadian Home Builders' Association

Canadian Labour Congress

Canadian Meat Council

Canadian Medical Association

Canadian Mental Health Association

Canadian Network of National Associations of Regulators (CNNAR)

Canadian Nursery Landscape Association

Canadian Nurses Association

Canadian Paraplegic Association

Canadian Pharmacists Association

Canadian Policy Research Networks

Canadian Restaurant and Foodservices Association

Canadian Society for Medical Laboratory Science

Child Care Advocacy Association of Canada

Clermont, Pierre-Alexandre

CNIB (Canadian National Institute for the Blind)

Community Social Planning Council of Greater Victoria

Congress of Democratic Unions

CSN

Cultural Human Resources Council

Department of Human Resources and Social Development

Disability Action Hall

Electricity Sector Council

Fédération canadienne pour l'alphabétisation en français

Fish, Food and Allied Workers Union

Fondation de la langue française pour l'innovation sociale et scientifique

Front d'action populaire en réaménagement urbain

Frontier College

Groupe de réflexion et d'initiative des immigrants diplômés à l'étranger

Gunia, Trudi

Health Action Lobby

Innovera Integrated Solutions

**International Association of Bridge, Structural, Ornamental and Reinforcing Iron Workers
- Local 97**

Javier, Florence

Justicia for Migrant Workers - Ontario

KAIROS: Canadian Ecumenical Justice Initiatives

Literacy Alberta

Literacy Newfoundland and Labrador

Mennonite Central Committee Canada

Metro Toronto Chinese and Southeast Asian Legal Clinic

Mining Industry Human Resource Council

Movement for Canadian Literacy

Multiple Sclerosis Society of Canada

National Adult Literacy Database Inc.

National Advisory Council on Aging

National Association of Career Colleges

National Association of Friendship Centres

National Council of Welfare

National Council of Women of Canada

National Organization of Immigrant and Visible Minority Women of Canada

National Seafood Sector Council

Native Women's Association of Canada

Neil Squire Society

New Brunswick Child Care Coalition

Newfoundland and Labrador Association for Community Living

Nova Scotia Advisory Council on the Status of Women

Nova Scotia Association of Social Workers

Ontario Federation of Labour

Ontario Network of Injured Worker Groups

Police Sector Council

Provincial Interagency Network on Disability (PIND)

Public Service Human Resources Management Agency of Canada

Quebec Federation of University Students

Quebec Interprofessional Council

Retail Council of Canada

Saskatchewan Human Rights Commission

Saskatchewan Institute of Applied Science and Technology

SEDI (Social and Enterprise Development Innovations)

Society of Rural Physicians of Canada

Software Human Resource Council Inc.

SPHERE-Québec (Soutien à la personne handicapée en route vers l'emploi au Québec)

Statistics Canada

Sustained Poverty Reduction Initiative

TEAM Work Cooperative Ltd.

The Logistics Institute

United Chinese Community Enrichment Services Society

United Steelworkers

Vibrant Communities Calgary

Xie, William

REQUEST FOR GOVERNMENT RESPONSE

Pursuant to Standing Order 109, the Committee requests that the government table a comprehensive response to this Report.

A copy of the relevant Minutes of Proceedings (Meetings Nos. 4, 6, 7, 9, 10, 12, 13, 14, 15, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 33, 34, 35, 36, 37, 38, 62, 63, 64, 65, 66, and 78) of the First Session of the Thirty-ninth Parliament and a copy of the relevant Minutes of Proceedings (Meetings Nos. 4, 6, 7, 8, 9, 10, 12, 13, 14, 15, 16, and 19) of the Second Session of the Thirty-ninth Parliament are tabled.

Respectfully submitted,

Dean Allison, MP
Chair

Introduction

The Conservative Party of Canada (CPC) wishes to submit a dissenting report to the Standing Committee on Human Resources, Social Development and the Status of Persons with Disabilities (HUMA) report entitled “*Employability in Canada*”.

The mandate of the committee was to review the matter of employability in Canada and recommend to the government ways in which to provide an effective pan-Canadian employability strategy that will meet the labour market needs of employers and the skills training and other employment needs of all Canadians.

As members of the Conservative Party of Canada we fundamentally believe in the general thrust of this study. We believe that the best social program is a good job with a good salary. We recognize that the federal government has an important role to play in ensuring that all Canadians have the tools they need to succeed.

In fact, we have laid out our *Advantage Canada* plan that seeks to ensure that we have the best educated, most skilled and most flexible workforce in the entire world. The demands of a 21st century global economy and the challenges of growing labour shortages across the country demand nothing less from the greatest nation on earth. We believe that the Prime Minister, the Minister of Human Resources and the Minister of Finance have laid that groundwork over the course of the past two years.

Although this is a dissenting report, we recognize the committee’s hard work in completing this report. That being said, there are fundamental differences between all major parties on how to best achieve these goals. As such, the intent of this dissenting report is to complement the recommendations made rather than oppose the study in its entirety.

Many of the recommendations put forward in the report go well beyond those relating to employability in Canada and include broad program changes that span the spectrum of federal and provincial jurisdiction. Many of these proposed recommendations remain uncostered, untested and unsupported by our provincial and territorial partners.

Unlike members of the opposition who can make recommendations and not worry about the long term consequences of what they say we, as members of the government, must be more cautious with our words. We cannot support recommendations that will have billions of dollars in costs to the public purse with little or no evidence to suggest that these changes will be effective in giving unemployed Canadians the skills they need to succeed. We cannot support the many recommendations that infringe upon the jurisdictional and constitutional

rights of our provincial and territorial partners when they have not been consulted.

Ultimately, we can not wholeheartedly support recommendations under the guise of an employability study that have little or nothing to do with helping Canadians gain and keep meaningful jobs and we cannot support the implementation of drastic steps that run counter to programs this government has recently announced and put into operation.

Investments in Learning

The committee agreed that significant investments must be made in education and training if we are to compete in a new economy. What the committee failed to do was recognize the significant investments that this government has already taken to support post secondary education and training.

Budget 2008 made significant investments in students by creating a new Canada Student Grant Program that will support Canadian students in need with \$350-million investment in 2009-10, rising to \$430 million by 2012-13. This new needs-based grant system, a system that student groups have been calling for, will help 100,000 additional students receive higher education as compared to the previous Liberal system.

This government has also made significant investments in post secondary education in Budget 2008 by investing \$3.2 billion through the Canada Social Transfer. This is a 40% increase over the previous government's funding levels. After a \$25 billion cut to the CST by the previous government, this investment comes as a breath of fresh air to Canadian students and parents.

All told, this government is investing \$8.4 billion this fiscal year to support post secondary education and students through transfers to provinces, direct spending and tax measures.

Older Workers

This government continues to have faith in the abilities of older workers and we know that many of them want to continue their important contributions to their employers and their communities. In Budget 2008, we are building on the success of proven programs to help older workers affected by layoffs in vulnerable communities by investing an additional \$90 million over three years in the Targeted Initiative for Older Workers program. These funds raise the total investment in the TIOW program to \$160 million over five years.

Chapter 4 – Beyond Our Borders – Skilled Immigrants and Temporary Foreign Workers

Canada must tap into the resources of skilled immigrants and temporary foreign workers if we are to continue the economic growth of recent years. That is why this government has worked to ensure that Canada's immigration policies are more closely aligned with the needs of the labour market by providing \$85 million over the next two years to support the enhancement of the Temporary Foreign Worker Program. This program will make it easier and faster for employers to fill skill shortages and jobs for which qualified Canadians cannot be found.

This government has also begun to facilitate the transition to permanent residence for temporary foreign workers and Canadian-educated foreign students who have demonstrated their ability to succeed and a desire to remain in their new home.

We have also recently established the Foreign Credential Referral Office to provide prospective immigrants overseas and new arrivals in Canada with information about the Canadian labour market and foreign credential assessment and recognition requirements. To that end, this government has provided a total of \$73 million over a six year period to allow the program to further strengthen foreign credential assessment and recognition processes in both regulated and non-regulated occupations.

Conclusion

These are just a few areas where we feel the committee has ignored the actions of the government and proceeded to make recommendations that will negatively affect programs that are already providing real results.

This study was meant to be about employability, about lessening the potential problems of a looming labour market shortage and about providing a better future for all Canadians. Instead, it has been subverted in some instances to propose a wide array of changes having very little to do with the original goals of the study. The actions of the government have largely been ignored during the course of this two year study and we cannot support recommendations that have not taken into account the significant investments this government has already made in the areas of employability and job creation.

Employability in Canada: Preparing for the Future -- Report of the Standing Committee on Human Resources, Social Development and the Status of Persons with Disabilities

Bloc Québécois Dissenting Opinion

First of all, the Bloc Québécois would like to thank the stakeholders and witnesses who took part in this study on employability for their invaluable contribution.

In the view of the Bloc Québécois, the Committee's report, *Employability in Canada: Preparing for the Future*, largely fails to respect the areas of jurisdiction of Quebec and the provinces.

The Committee's proceedings extended from June 2006 to March 2008. The resulting report covers worker mobility, seasonal workers, Aboriginal workers, older workers, the shortage of skilled labour, workplace illiteracy, and recognition of foreign credentials.

Some of the recommendations do apply to responsibilities of the Canadian government, such as employment insurance benefits, the national dimensions of the Labour Market Information System and the placement service, activities that occur Canada-wide and measures that could apply to the First Nations.

But the Report also contains recommendations dealing with areas that are not the responsibility of the federal government: literacy, health, education, negotiations between the provinces, recognition of credentials and diplomas...

The Bloc Québécois vigorously rejects the recommendations designed to establish a national strategy involving strengthened accountability mechanisms and performance indicators tied to federal transfers. Quebec and the provinces must be able to set their own priorities and orient their own employability activities within those priorities, which are defined on the basis of their own unique needs.

Obviously there are differences between the policies and legislation of Quebec and those of the provinces, but the differences reflect political, economic and social priorities specific to Quebec and to each province. A national employability strategy would encroach on areas of jurisdiction proper to Quebec and the provinces and transform Quebec from a program innovator and designer into a simple program manager.

Although the members of the Standing Committee conceded from the start that "[e]ducation, training and many other matters related to Canadian workplaces are areas of responsibility that fall primarily within the purview of the provincial and territorial governments", they then proceeded to ignore this fact despite the Bloc Québécois's repeated reminders and protests, as the following quotation from the Report shows:

It is our intent that the recommendations in this report will contribute to the development of an effective pan-Canadian employability strategy that will, in the years ahead, meet the labour market needs of employers and of all segments of the working-age population, particularly those with low skills, low incomes and low workforce participation rates. Members of the Committee realize that the development of a pan-Canadian employability strategy will require an ongoing commitment and greater cooperation between federal, provincial and territorial governments. Although some of the recommendations in our report may fall within the purview of provincial/territorial responsibility, this should not be construed as an attempt to extend the reach of the federal government into areas of provincial/territorial jurisdiction. Rather, we simply believe that there is a need for federal leadership in areas of national importance.

When it speaks of “federal leadership” in its report, the Committee is effectively proposing a levelling-down in Quebec in areas where its progress has been widely recognized. In defiance of Quebec’s prerogatives, the Committee thinks the federal government should assume leadership by interfering in the following areas:

- a national early learning and childcare system, when Quebecers already have access to daycare services for seven dollars a day;
- the accessibility of postsecondary education, when Quebec’s system is the most generous in Canada;
- curriculum content;
- recognition of credentials;
- a sector council on health care;
- a national adult learning strategy.

The Bloc Québécois would like to point out that recommendations in committee and Senate reports are often used by the federal government as a basis for new measures. It is thus crucial that the reports target areas in which the federal government has the constitutional right to intervene.

For example, the Canadian Mental Health Commission was set up in 2007 in response to a Senate report entitled *Out of the Shadows at Last* (May 2006). The Senate committee recognized that neither the provider groups nor the provincial and territorial governments to which many of its recommendations were addressed were under any obligation to respond to those recommendations. Its members wondered “how to maximize the chances of this report’s recommendations being acted upon. It has become clear that a mechanism of some sort is needed both to undertake certain critical tasks at a national level and also to maintain a needed national focus on mental health issues.”¹

So the Senate committee conceded that the Commission would be an instrument for federal intrusion. The Harper government, for all its talk of “open federalism”, did not

¹ <http://www.parl.gc.ca/39/1/parlbus/commbus/senate/Com-e/SOCI-E/rep-e/pdf/rep02may06part2-e.pdf> (p.432).

hesitate to implement the measure, even though Quebec had already set out its priorities for 2005-2010 in its own action plan on mental health.²

Under sections 92(7) and (16) of the *Constitution Act, 1867*, health and social services are the exclusive responsibility of Quebec and the provinces. And yet, since as far back as 1919, Ottawa has been doing more and more in these sectors, forcing Quebec and the provinces to respect so-called “national” standards and objectives.

Quebec has exclusive jurisdiction over education. Sections 93 and 93A of the *Constitution Act, 1867* are explicit about this. However, despite the straightforwardness of these provisions, federal intrusions in education have been proliferating, and Ottawa is trying by every possible means to impose its own priorities.

The federal government’s health and education initiatives (apart from a handful of exceptions applying to Aboriginal people, veterans and so forth) have no constitutional basis at all; they rest on nothing but Ottawa’s spending power, which it uses to justify ever more intrusive intervention.

By invoking good causes, the federal government finds pretexts to worm its way into areas of Quebec’s jurisdiction such as service management, quality criteria, activity coordination, the national strategy and now employability and labour force mobility.

By establishing special-use funds to be applied uniformly all across Canada, the federal government sets priorities that do not necessarily correspond to those of the Quebec government, even though the latter has effective management of its own education network and thus a true understanding of the needs of its educational institutions.

Is this blatant display of its desire to play a leading role in education the federal government’s way of trying to make an end run around the 1997 agreement giving Quebec exclusive jurisdiction over vocational training? Whether the subject at issue is education, training or learning, they all fall solely within the exclusive jurisdiction of Quebec and the provinces.

Training: one example of a provincial jurisdiction

Employability in Canada: Preparing for the Future puts forward a number of ideas and proposals for what should be done about training; yet the agreements between Canada and Quebec (and some of the provinces) on Part II of the *Employment Insurance Act* have proven their effectiveness.

In the 2007 budget, the government offered, based on these same agreements, to negotiate the integral transfer of labour market development programs to the provinces that are currently participating in co-management agreements: Prince Edward Island, Yukon, Nova Scotia, British Columbia and Newfoundland and Labrador.

² Government of Quebec, Ministry of Health and Social Services (2005), *Plan d’action en santé mentale 2005-2010 — La force des liens*.

Also in the 2007 budget, the government discussed the possibility of transferring to Quebec and the provinces responsibility for carrying out training programs for the three clienteles that still come within Ottawa's jurisdiction: young people, older workers and persons with disabilities.

Signed in December 1997, the *Canada-Quebec Labour Market Development Implementation Agreement* spelled out the rules and responsibilities of the Quebec and Canadian governments. Quebec is responsible for designing and carrying out active employment assistance measures similar to the Employment Benefits and Support Measures (EBSM) described in Part II of the Act.

Such agreements enable the provinces and territories to shoulder greater responsibility for introducing active measures, creating programs adapted to the needs of their populations and regions, and eliminating pointless overlap and duplication. The present report casts all of this into question.

It is vital that the Canadian government recognize that each region and province has unique needs, reflecting its natural resources, its economy, its labour force, its priorities and characteristics, and so forth. Each region and each province has its own special features and ways of doing things.

Quebec and the provinces are carrying out their responsibilities for labour force mobility without any need for federal involvement. The Quebec government agreed with the other provinces last August at the Council of the Federation on ensuring labour force mobility throughout the entire country by April 2009.

Quebec and Ontario have announced that they will be collaborating on eliminating barriers to trade and improving labour force mobility between them. Following the cooperation agreement signed in 2006, Quebec and Ontario are preparing an up-to-date, comprehensive economic and trade agreement based on the existing bilateral agreements on public procurement and labour force mobility in the sectors of construction, transportation and health. Alberta and British Columbia have already lowered trade barriers between them.

Quebec has also launched negotiations for mutual recognition of all skilled trade qualifications between itself and France. This France-Quebec agreement could be of significant help in achieving a similar transatlantic treaty, which is currently under discussion between Ottawa and the European Union. While the France-Quebec cooperation would fit into the framework of such a treaty, it is also independent of it and can go ahead autonomously. This kind of negotiation between Quebec and a European country is possible because it reflects the areas of jurisdiction of Canada's provinces.

Immigrant and foreign workers: specifying each party's roles

In 1991, Canada and Quebec signed an agreement under which Quebec accepted responsibility for selecting skilled workers from abroad. The agreement also included new responsibilities for Quebec with regard to immigration.

Recognition of immigrant and foreign workers' credentials also falls under Quebec's jurisdiction, as does the assessment of what additional training is needed for such recognition.

In this context, the Canadian government's role should be to make sure before workers arrive in Canada that their skills and credentials are suitable for the province where they wish to settle. In this way, new arrivals would not be faced with unpleasant surprises.

The Canadian government could also accelerate the process of obtaining work permits, so that this part of the process would not be a drag on skilled workers' entry into the labour market.

In conclusion

The Bloc Québécois considers that the report the Committee has produced is disrespectful and irresponsible, because it recommends to the federal government that it invade areas of jurisdiction exclusive to Quebec and the provinces. The Bloc Québécois repeatedly advised the Committee to redirect its proposed measures toward areas of federal jurisdiction, but the Committee's members preferred to call for duplication and interference.

Employability Study – Supplementary Opinion from the NDP

The NDP commends the committee members and staff for their commitment to hear a wide range of expertise and opinion in determining the best ways forward to address employability issues in Canada. The unanimously approved main text of the report contains many progressive recommendations requiring response and action from the government. However, there are several significant gaps that are addressed in this supplementary report, for which we respectfully request a formal government response.

The Purpose of Enhancing Employability

A subtle yet potent theme of this study was how to match the skills and training of Canadians to the needs of employers and the economy. We are disappointed that the main text of the report does not recognize that the economy must work for the maximum benefit of workers, as well as the other way around. As long as economic growth is considered an end in itself, and the labour force a measurable commodity, government measures necessary to build a healthy economy and a strong society will remain elusive.

First and foremost, the NDP recognizes and affirms that a primary objective of our economy – must be to ensure secure, rewarding, well-paying jobs for all Canadians. It follows that federal policy on employability must seek to minimize precarious, non-voluntary part-time, and low-paying employment; to address underemployment and low-wage barriers to better jobs; to ensure that all motivated and qualified Canadians have equitable access to education and training; to ensure full labour rights; and to maximize full workforce participation for all capable, working-age Canadians.

Recommendation NDP-1: The NDP recommends that the government formally recognize that a primary objective of the economy is to ensure secure, rewarding, well-paying jobs for all Canadians.

Precarious employment and working poverty

Several witnesses testified that Canada’s job statistics mask a troubling increase in precarious, part-time and low-wage employment, and a resulting rise in the number of working poor. The committee heard that some 35% of the workforce and 40% of women are currently in precarious and contingent work, such as temporary, part-time and contract jobs with no benefits and little chance of progression.¹

Many witnesses spoke of the barriers to skills training, education, and well-paying employment; however, the main text of the report pointedly omits mention of these barriers. Among them are the deficiency of social programs – income supports, affordable child care, transportation supports, and access to literacy and learning opportunities, among others – and what one witness termed a “*low-wage wall behind which hundreds of thousands of workers are trapped in poorly-paying jobs with few if any benefits. These kinds of jobs offer almost no opportunities for education, training or*

¹ Sheila Regehr, National Council of Welfare, 28 Sep 2006; Susan Nasser, Nova Scotia Association of Social Workers, 24 Oct 2006

advancement and even act as barriers to those objectives.”²

No one in Canada should be forced to live in poverty, including and especially those who work full-time year-round. Regrettably, this fundamental principle of Canadian society was not included in the main text of the report, despite the testimony from one witness that “almost one in three children living in poverty now in Canada has at least one family member who is working full-time for the full year.”³

Recommendation NDP-2: The NDP recommends that the government commit to reducing non-voluntary instances of precarious employment and to ensuring that no full-time, year-round worker in Canada lives below the poverty line, and that the government work with employers and other stakeholders to develop a poverty-reduction strategy to realize this commitment. This strategy should necessarily include reversing the untargeted corporate tax cuts from the 2007 economic update and instead making targeted investments for the benefit of everyday Canadians.

Comprehensive job and skills strategy required

The NDP is pleased that the committee recommends necessary improvements to the Working Income Tax Benefit. However, the employability study clearly found that a far more comprehensive strategy is required – including employers, labour, and the education / training sector⁴ – to create quality jobs and a flexible, competitive workforce.

The committee heard that any inefficiencies in matching employers’ needs with skilled labour are not simply a skills shortage,⁵ but rather a more complex condition that requires reversing long-standing government and employer attitude and practice:

“We reject the notion that there's a labour shortage per se, or that too few workers are employable. In fact, we think we're facing an erosion of modest income and well-paying jobs, under-investment in training and education on the part of government and employers, systemic non-recognition of prior learning and internationally trained credentials, employer reticence to accommodate workers with disabilities and injured workers, inadequate public resources to address literacy issues for Canadian-born and newcomer workers, plus inadequate adjustment programs.” – Pam Frache, Ontario Federation of Labour, 27 Oct 2006

The committee heard repeatedly from national sector councils and associations that a concerted effort is required to prevent critical shortages of key professionals and to ensure an efficient labour market that matches education and training with demand for specific skills and knowledge – this, at a time when the federal government is short-sightedly downloading training to the provinces with no conditions or coordination.

Recommendation NDP-3: The NDP recommends that the government develop a pan-Canadian job and skills training strategy that engages and requires the participation of employers, labour, and the education / training sector, with a view to maximize workforce participation for all capable, working-age Canadians and

² Sheila Regehr, National Council of Welfare, 28 Sep 2006

³ Susan Nasser, Nova Scotia Association of Social Workers, 24 Oct 2006

⁴ Shirley Seward, Canadian Labour and Business Council, 20 Jun 2006

⁵ Pam Frache, Ontario Federation of Labour, 27 Oct 2006; Peter Sawchuk, Ontario Institute for Studies in Education, 26 Oct 2006

ensure an efficient labour force matching skills supply with demand.

Literacy

We are pleased that the committee recommends the equivalent of a pan-Canadian strategy on literacy and lifelong learning, in particular setting concrete targets for raising Canada's literacy rates and implementing a ten-year literacy strategy, as first proposed by an expert literacy panel to the Liberal government in 2004.

However, the committee heard from several witnesses that federal funding levels for adult literacy have been inadequate for many years, that a significant increase is required to recognize the crucial role of literacy in Canada's economic and social progress, and that national and regional literacy organizations need multi-year, core funding to continue their crucial roles as coordinators of Canada's grassroots literacy efforts.⁶

Recommendation NDP-4: The NDP recommends that the government significantly increase funding for adult literacy programs, including multi-year, core funding for national and regional literacy organizations.

Postsecondary Education

We are disappointed that the main text of the committee report did not recommend the creation of a federal strategy for postsecondary education, as proposed in the testimony of the Canadian Council on Learning. Without a set of pan-Canadian objectives and a plan to measure and achieve them, Canada's piecemeal approach to higher education will continue to weaken the international competitiveness of our workforce and our economy.

We note that several key stakeholder groups who did not testify for this study have publicly argued that the increase in federal education transfers fall at least \$1 billion short of the fair federal share for core funding, and that federal funding remains unaccountable unless it is separated from the CST as a dedicated PSE transfer.⁷

Recommendation NDP-5: The NDP recommends that the government, in collaboration with provinces and territories, implement the principles enshrined in Bill C-398, the Canada Postsecondary Education Act, which guarantees stable, adequate federal funding to protect the accessibility, quality, affordability and integrity of Canada's public colleges and universities.

We are pleased that the government has finally created a comprehensive federal system of student grants that includes middle-income students. However, the new system would provide less than one-half of tuition fees for low-income students, and barely the cost of textbooks for middle-income students. Further, basing the grant on income discriminates against those students who choose or need to travel away from home to attend the postsecondary institution that meets their academic needs.

Recommendation NDP-6: The NDP recommends that the government significantly increase the budget of the Canada Student Grant Program and consult with student

⁶ John O'Leary, Frontier College, 26 Oct 2006; Wendy desBrisay, Movement for Canadian Literacy, 28 Sep 2006; Kim Gillard, Literacy Newfoundland and Labrador, 23 Oct 2006

⁷ Press releases on 19 March 2007, from each of the Canadian Association of University Teachers, the Canadian Federation of Students, and la Fédération étudiante universitaire du Québec

groups and other postsecondary stakeholders before September 2008 in order to identify and address critical flaws in the program before its first year of operation in September 2009, including incorporating a significant needs-based component.

Mandatory Retirement

The Committee heard that ending mandatory retirement should not be used as a solution to the skills shortage or to poverty amongst seniors, and would in fact have the opposite effect of reducing job opportunities for today's unemployed and removing the pressure on governments and employers to train and recruit young workers.

“There was no appetite whatsoever on the part of the general population, business and labour leaders, or the hundreds of people involved in Atlantic Canada and Saskatchewan, to use a lengthened working life as a solution to skills issues.” – Shirley Seward, Canadian Labour and Business Council, 20 Jun 2006

Instead, the federal government must protect the right of workers to retire with adequate retirement income, specifically by making improvements to CPP, OAS and GIS and ensuring more secure, well-paying jobs for working-age Canadians.

Recommendation NDP-7: The NDP recommends that the government reject raising the age of mandatory retirement, and instead enhance income security for seniors.

Aboriginal Canadians

Recommendation NDP-8: Further to committee recommendation 3.9, for greater clarity the NDP recommends that the government remove the two-percent cap on all social spending at Indian and Northern Affairs Canada in order to realize improvements to aboriginal K-12 education, housing, recreation, early childhood care, and welfare payments in addition to postsecondary education.

Persons with disabilities

We are disappointed that recommendations related to persons with disabilities refer only to enhancing access without acknowledging the structural barriers to work. At least one witness called for a comprehensive economic strategy for persons with disabilities, including not just training and assistance devices, but also support for affordable housing, transportation, and income security as a means of developing an individual's employability for the long-term. The same witness also asked that the government extend the Federal Contractors Program (FCP) (which requires employers with a national workforce of 100 or more employees to commit to employment equity as a condition for bidding on large federal contracts), to employers with 20 or more employees.⁸

Recommendation NDP-9: The NDP recommends that the government develop a comprehensive economic strategy with and for persons with disabilities, and that the government extend the FCP to employers with 20 or more employees.

Pay Equity

⁸ John Rae, Alliance for Equality of Blind Canadians, 27 Oct 2006

We are disappointed that the committee recommendation regarding pay equity omits two key requests by the National Council of Women (NCW) in its presentation to the committee: (1) to replace the existing federal pay equity scheme with comprehensive and proactive pay equity legislation; and (2) to develop easily accessible procedures to access equity processes for non-unionized women, as well as for part-time, casual, seasonal, and contractual workers.⁹ Given a recent report by the Canadian Labour Congress finding that women continue to earn 70 percent of men's wages (68 percent for postsecondary degree holders), more concrete action is clearly required to address this persistent inequity.

Recommendation NDP-10: The NDP recommends that the government implement the full recommendations of the NCW regarding pay equity.

Temporary Foreign Workers and Seasonal Agricultural Workers

We are pleased that the committee recommended the examination the transition of temporary workers to permanent resident status. The TFWP and SAWP have drastically departed from the Canadian tradition of welcoming skilled workers as permanent residents (to join the stream to becoming full citizens), have become highly exploitative worker experiences in Canada, and must be significantly revamped before any expansion.

There is no mechanism to prevent, detect or stop abuse of temporary workers, who above all must be treated to the same benefits, rights and respect as Canadian workers.

Therefore we are disappointed that recommendation 4.5 does not include the concrete solutions submitted by several witnesses.¹⁰ To comply with the space limits imposed on this supplementary report, the NDP has detailed these solutions in a letter to the Ministers of Labour and Human Resources, from whom we request a formal response.

Recommendation NDP-11: The NDP recommends that the government work with the provinces and other stakeholders to implement concrete solutions to prevent, detect and stop abuse in the TFWP and SAWP.

⁹ Karen Dempsey, National Council of Women of Canada, 24 Oct 2006

¹⁰ Chris Ramsaroop, Justicia for Migrant Workers, 27 Oct 2006; Veena Verma, Canadian Ecumenical Justice Initiatives (KAIROS), 26 Oct 2006; Hassan Yussuff and Karl Flecker, Canadian Labour Congress, 20 Mar 2007

