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

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**EVIDENCE**

**Thursday, May 29, 2014**

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**Chair**

**Mr. Phil McColeman**



## Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities

Thursday, May 29, 2014

• (0845)

[English]

**The Vice-Chair (Ms. Jinny Jogindera Sims (Newton—North Delta, NDP)):** I'm calling our committee to order. This is meeting number 26, and we're here to study the renewal of the labour market development agreements.

Our first panel of witnesses includes Matthew Mendelsohn, Marc Brazeau, and Robert Pitt.

Matthew, are you ready to go first?

**Mr. Matthew Mendelsohn (Director, Mowat Centre):** I'm happy to go first.

**The Vice-Chair (Ms. Jinny Jogindera Sims):** You have seven minutes.

**Mr. Matthew Mendelsohn:** Thank you very much. I'm very pleased to be here.

Thank you very much for inviting me to Ottawa. I do want to say that I am wearing a LEGO tie. I wanted that to be part of the official record because I promised my children that I would wear the LEGO tie, and my five-year-old insisted that you would be—and I'm quoting—"far more interested in hearing about the LEGO movie than that stuff you're going to talk about, Dad".

**Voices:** Oh, oh!

**Mr. Matthew Mendelsohn:** I have no idea, but you can make your own judgment at the end of my time.

First, by way of background, I was Ontario's deputy minister of intergovernmental affairs from 2004 to 2009 and participated in the negotiation of the labour market development agreement, but also the labour market partnership agreement, which existed as well for a short period of time as the labour market agreement, and which has now evolved into the Canada job grant. I have a great feeling personally about these agreements.

I'd like to highlight the three main points that I'm going to make for the committee today. First, the changing nature of the labour market requires changes to our policy responses in the EI system. Second, the approach for allocating funding in the LMDA discriminates against Ontario workers. Third, moving forward with good training programs, including those funded by the LMDA, requires a good partnership between the federal and provincial governments.

The first issue I would like to talk about is changes in the labour market. As I'm sure people here know, Madam Chair, the employment benefit support measures, or what we refer to as EI part II, were set up in their current form in 1996. In the almost 20 years since that occurred, eligibility for the training and employment services funded under this program has changed very little.

During that time, though, we have had enormous changes in the labour market. In Ontario we've seen dramatic declines in the manufacturing sector. Across the country, we have seen a rise in precarious work, part-time work, and multiple job-holders. We have also seen a restructuring of various sectors, which has created long-term unemployment for many middle-aged people who used to work in the manufacturing sector, particularly in central Canada.

What we know is that EI and the training programs that are funded by EI through the LMDAs have not kept pace with these changes. We know that fewer than half of unemployed Canadians are eligible for employment insurance. Also, in terms of the \$1.95 billion nationally in federal funding for skills training and employment supports through the LMDA, which represents the largest program of its kind in the country and the largest expenditure of money by the federal government on training, we know that eligibility for this program has declined.

The result is that training programs funded through the LMDAs, the EI part II money, serve only about 37% of unemployed Canadians and, I should point out, only about 28% of unemployed Ontarians. Most unemployed people simply do not qualify for training available through the LMDA. One reason for that is the huge structural changes in the labour market and an EI system that has not kept pace.

The second point I would like to make is that these changes have been felt more strongly and significantly in Ontario, and this has left unemployed Ontario workers with less access to federal training programs than their fellow citizens across the country. Just to give you a couple of statistics, Ontario received only about 29% of the \$1.95 billion in the LMDA funding. People would understand that this is much lower than its share of the Canadian population, at 39%, and much lower than its share of Canada's unemployed, at 42%.

The allocation of the LMDA is based on no fair or rational allocation formula, nor is the allocation formula well described publicly. One of the main reasons for the skewed distribution of LMDA funding, which discriminates against Ontario's unemployed who are seeking to get job training, is that \$800 million, almost half of the LMDA funding, is allocated between provinces based on the relative impact on different provinces of the EI reforms in 1996.

● (0850)

So the allocation formula has built within it the impact of EI changes in 1996. That means that Ontario's share of the \$800 million, because it was less affected by the changes in 1996, is fixed at 23%. So today's 18- or 20-year-olds who are entering the labour force are facing a policy environment explicitly designed to deal with the world from before they were born, just as NAFTA was being implemented. It is patently absurd that so much of the allocation of training dollars by the federal government through EI part II is tied to 1996 criteria.

To state it another way, as of 2012, Ontarians were paying 40% of EI premiums, receiving only 33% of income benefits, and only 28% of LMDA funding from the EI account, despite having above average national unemployment right now. It certainly makes sense that provinces and workers with low unemployment rates may contribute significantly more than they get back, but for Ontario right now the way the LMDA is funded represents an obstacle to the formation of human capital in the province.

Third, in my last two minutes, I'd just like to say that one of the successful features of the LMDA set up in 1996 was the good partnership between the federal and provincial governments. The federal government has an important role in the formation of human capital, but it devolves those programs to provinces and has negotiated agreements that have largely been successful. I know that the federal government right now is interested in looking for ways to improve the results achieved by training programs across the country, and that is to be commended. A focus on results, employer engagement, and transparent reporting are important elements of any renewal agenda, but I would say that—

**The Vice-Chair (Ms. Jinny Jogindera Sims):** Could you wrap up, please?

**Mr. Matthew Mendelsohn:** Sure, I thought I still had a minute. I will say there are four solutions to this.

One, make it easier for provinces to use the LMDA funding to help unemployed Canadians, regardless of whether they qualify for employment insurance.

Two, move more of the federal training dollars into labour market agreement-style transfers so workers other than those eligible for EI can access training.

Three, update the 1996 allocation formula so that Ontario's unemployed have as much opportunity to upgrade their skills for new jobs as Canadians in other provinces.

Four, work with provinces rather than against them in the rollout of employer-based training programs consistent with the Canada job grant.

**The Vice-Chair (Ms. Jinny Jogindera Sims):** Thank you very much.

I just want to say that witnesses have seven minutes, if we could all keep it really tight, because parliamentarians have a very short time to ask questions.

Thank you.

So we're over to Monsieur Brazeau.

**Mr. Marc Brazeau (President and Chief Executive Officer, Automotive Industries Association of Canada):** Good morning, Madam Chair.

Our chairman of the board, Robert Pitt, and I, are very pleased to be here this morning on behalf of the 4,000-member locations and branches that belong to the Automotive Industries Association of Canada, to discuss Canada's labour market development agreements.

For 72 years our association, also known as AIA, has been representing the interests of Canada's automotive service and repair industry, a \$19.4-billion industry that employs 420,000 Canadians across the country, mostly in small and medium-sized enterprises. We represent almost 50% of all workers in Canada's combined automotive sector. Our industry is composed of companies like Canadian Tire, Kal Tire, Valvoline, Gates, and NAPA Auto Parts. Our members manufacture, distribute, retail, and install, automotive replacement parts, accessories, tools, and equipment.

There are over 22 million registered vehicles on our roads, with the average being over nine years old. Therefore, AIA members are delivering an important and valuable service in every community across the country, every day, year-round. We keep Canadians and their vehicles safe.

In that capacity, AIA is committed to promoting, educating, and representing all members in all areas that impact the growth and prosperity of our industry. This includes one of the most important challenges facing our industry today: the need to attract and retain more qualified and skilled workers and provide them with continuous, up-to-date training.

In 2013, AIA and the Canadian Automobile Dealers Association, the Canadian Vehicle Manufacturers' Association, and the Global Automakers of Canada, conducted a study entitled "Performance Driven: An Update on the Labour Market Opportunities and Challenges for Canada's Motive Power Repair and Service Sector". The study focused on identifying the major human resources challenges faced by the Canadian automotive companies and what is restricting our growth and our prosperity. While the study identified a broad range of issues affecting the competitiveness of companies, it also found that one of the largest challenges is the supply of a qualified labour force. The study showed that there are just over 11,800 unfilled positions in our industry today, with over 25% of employers in Canada's automotive service and repair industry reporting having one or more unfilled positions.

The economic consequences for our industry, and for Canada as a whole, will be significant if these challenges are not addressed. Skill shortages will damage the productivity of the automotive repair and service industry and the Canadian economy as a whole. Vehicles are imperative to Canadian families and to the workforce. According to J.D. Power and Associates, 30% of Canadians rely on their vehicle to earn a living every day, making it essential that skilled technicians are available for the required maintenance and repairs of our growing and aging vehicle fleet.

A national skills shortage is dramatically impacting our industry and steps must be taken, both in the short term and the long term, to address the growing gap between supply and demand. Over the past five years, the number of workers entering the automotive industry as graduates of pre-apprentice or apprenticeship programs has dropped by over 2,500. The number of apprentices has also dropped from just over 13,000 in 2009 to just over 9,000 today; a loss of another 4,000 workers. Our study showed that this labour trend will continue, with demand significantly outpacing supply over the next five years.

Compounding the issue is that 20% of employers in the service and repair sector are telling us that they are preparing to fill vacancies due to retirement in the next five years. This will mean not only more unfilled positions but also a loss of long-term, experienced workers.

So, what can be done?

I'll now turn it over to our chairman, Mr. Robert Pitt.

• (0855)

**Mr. Robert Pitt (Chairman, Board of Directors, Automotive Industries Association of Canada):** Thank you, Marc.

Good morning everyone.

AIA and organizations like the Canadian Manufacturers and Exporters and the Association of Canadian Community Colleges are working closely together with governments to strengthen the domestic labour pool through improved training programs, including the Canada job grant, reforms to the EI system, and apprenticeship training, to name a few.

One of the ways we are connecting directly with the labour market and our community colleges is through the I-CAR collision repair training program. AIA has been managing the training program, I-

CAR, for the past four years, delivering technical and process updating courses, which have been developed by the automotive manufacturers and suppliers, to the collision repair industry. AIA works with community colleges and technical institutes to deliver the program, and since 2010 more than 28,000 training seats have been delivered.

The success of this program has positively impacted employees, employers, students, trainers, community colleges, consumers, and insurers. We're also working to improve communication and information-sharing between our training institutions and the industry.

AIA is also working with the Association of Canadian Community Colleges to improve the quality of labour market information available to the industry leaders and policy-makers. Currently the automotive aftermarket is not being well served in this area. Specific information on industry skill requirements and labour supply and demand is critical to ensure that the sector continues to grow.

Labour market development agreements, LMDAs, are a strong tool in helping address the skills shortage. However, to promote the use of LMDAs to our members in industry, we need concrete data showing how they positively impact our economy as a whole and the automotive service and repair industry specifically.

One of the greatest challenges around the use of the current LMDAs remains awareness. Many employers don't know about the program or the eligibility requirements, and the application process can be both arduous and restrictive.

Further to that, the current LMDAs are not industry-specific. The development of LMDAs targeted to the automotive service and repair sector could be promoted to our members, with tools created to aid in the application and use of the programs, and thus directly impact their ability to fill vacant positions with skilled workers.

Initiatives such as these, along with the collection of more data, increased education around current available programs, and the creation of industry-specific LMDAs, would help address the severe labour shortage impacting the automotive service and repair industry in Canada today.

We thank you very much for the opportunity to speak to you, and we're happy to answer any questions you may have.

• (0900)

**The Vice-Chair (Ms. Jinny Jogindera Sims):** Thank you very much. Your timing was impeccable.

**Mr. Robert Pitt:** Thank you.

**The Vice-Chair (Ms. Jinny Jogindera Sims):** We're now going to turn it over to Madame Groguhé.

[Translation]

**Mrs. Sadia Groguhé (Saint-Lambert, NDP):** Thank you, Madam Chair.

Welcome to all our witnesses.

I am going to begin with you, Mr. Mendelsohn.

In an opinion piece that appeared in *The Globe and Mail* in February 2014, you said that a coordinated intergovernmental approach to human capital, with participation from employers, labour and the education sectors, was necessary but that we were still a long way from that.

Could you briefly describe the approach you were recommending? What role would the federal government have in such an approach?

**Mr. Matthew Mendelsohn:** Thank you for the question.

As I said in my opening statement, I believe it's very important for the federal government to put forward an approach that gives workers greater access to funding put into labour market development agreements for the formation of human capital.

Currently, workers in more traditional jobs benefit from the social contract and social programs, but an increasing number of part-time workers and those without job security do not derive those benefits. We advocate a human capital formation strategy that puts all those dollars on the table and addresses all workers in need of further training.

Clearly, this has to be done in cooperation with the provinces, since they are the ones in charge of education and delivery of these programs. I wholeheartedly agree that employers and unions have a role to play. The past 18 months have been somewhat of a waste of time because the federal government put forward the Canada Job Grant without consulting the provinces, who are responsible for delivering the program. That wasn't the best way to go about implementing a Canada-wide approach to the formation of human capital.

**Mrs. Sadia Groguhé:** In a nutshell, then, what you are recommending is to provide greater access, take into account the various changes you mentioned and ensure human capital factors into the process.

How can Canada put such an approach to the management of human capital in place? What should the main priorities be? Kindly keep your answer concise as we don't have much time.

**Mr. Matthew Mendelsohn:** It would be necessary to make more funding available under labour market agreements and less funding available through labour market development agreements. Labour market agreements offer much more flexibility and are more open to all Canadians and workers. That would be the first step.

As for priorities, I would say that a lot of immigrants need a bit more training in order to improve their labour market integration. They often find themselves on the sidelines and excluded from the employment insurance system. The same goes for people who have been unemployed for a long time. They aren't eligible for training dollars. It would be important to target all sorts of groups, and that isn't the case right now.

● (0905)

**Mrs. Sadia Groguhé:** Very good.

I assume that, in addition to your appearance before the committee today, you'll be sending us a brief.

**Mr. Matthew Mendelsohn:** Of course.

**Mrs. Sadia Groguhé:** Excellent.

Now I am going to turn to Mr. Brazeau.

You stressed that a skills shortage in the auto sector would hurt the industry, especially the lack of skilled technicians.

In your view, can employers do more in terms of identifying labour market needs and ensuring that LMDA funding goes to training programs that meet those needs? How do you see employers participating in the LMDA process?

**Mr. Marc Brazeau:** Thank you for the question.

There is no doubt that training relies on a partnership between industry, government and workers. I'll give you an example that my board chairman mentioned earlier.

Five years ago, we took over a training program strictly for body shops, called I-CAR. Originally, it was an English-only American program that wasn't well-received in Canada, so our industry took responsibility of the program for Canada; we committed to working with the partners, be they insurers, training centres, community colleges and so forth.

[English]

**The Vice-Chair (Ms. Jinny Jogindera Sims):** Go ahead and finish your sentence, please.

[Translation]

**Mr. Marc Brazeau:** We work with various partners to be able to deliver training tailored to the industry's specific needs.

**Mrs. Sadia Groguhé:** You were the mastermind of sorts—

[English]

**The Vice-Chair (Ms. Jinny Jogindera Sims):** Thank you, Madame Groguhé. You are way over time. Sorry.

I just want to remind my colleagues that five minutes is the limit. We want to make sure that all parliamentarians have equal access, so try to pay some attention to the chair. I hate to interrupt somebody mid-sentence.

Mr. Maguire.

**Mr. Larry Maguire (Brandon—Souris, CPC):** Thank you very much.

Thank you to the presenters for your words this morning.

To Mr. Mendelsohn, the Mowat Centre has done a number of studies on employment insurance, and has done good work with it. One of the things that we face all the time in government, and that I'm sure industry faces, is the unequal distribution of employment across the country—or unemployment, if you will—in certain sectors and in certain areas. Ontario was certainly hard hit from the 2008 situation.

Before I get both groups to expand on that, Mr. Mendelsohn, you had to do your wrap-up pretty quickly. Perhaps you can just expound a little bit more on those four points: the easier use for the LMDAs; the labour-style transfers you were talking about; how you would use those updated numbers from 1996; and how, with regard to the provinces—obviously we try to work better with provinces every day, if we can—we ought to make sure these programs are being presented proportionately.

**Mr. Matthew Mendelsohn:** Quite succinctly, the labour market agreements were developed, in part, as a specific recognition that the LMDAs and EI don't work particularly well in Ontario. Everyone here is aware of the challenges of EI reform. In the 2000s there was a recognition that, rather than try to change all of the LMDA funding, a different program ought to be created to be available to workers not eligible for EI. A lot more of those were in Ontario, and those were long-term structural unemployed and new entrants to the labour market. Ontario has more young people and immigrants entering the labour market who are outside the EI system.

So the main recommendation—we could certainly talk about this in more detail—is to grow the labour market agreement working federally and provincially with federal transfer style agreements that all provinces could use with the federal government and with employers to target their own particular needs rather than have this set of criteria that really is 20, 30, 40 years old that says you can only get access to the training programs if you are eligible for EI or if you just recently exhausted your EI, which leaves a huge swath of the workforce, whom I think everyone is trying to better train.

In terms of the specific changes in 1996 allocation formula, again I don't have to tell anyone here that changing allocation formulas that provide more funds or less funds to different provinces is always challenging. But I think as a matter of principle we have to say that the 1996 formula has to be updated. It has to be more in line with the contributions made by provinces, or it has to be per capita, or it has to be really needs-based, but right now tying it to changes from 1996 makes no sense.

● (0910)

**Mr. Larry Maguire:** Would you like to expand on that?

**Mr. Marc Brazeau:** Attracting the best and the brightest is our focus as an industry, like a lot of the other industries. So if the best and the brightest don't fit the definition that's currently established for the LMDAs, then it's a challenge for us.

Like my colleague here, we promote flexibility and we want to see a program where certain individuals are not discriminated against just because of their current situation. We simply want to find the best employees and match them up with the best jobs and the best skill sets they can bring to us.

I don't know, Robert, if you want to add anything?

**Mr. Robert Pitt:** No, I completely concur. Like you said, Larry, the demographics are changing across the country, moving from Ontario into the west and moving from Atlantic Canada into the west. There's a lot of movement going on.

**Mr. Larry Maguire:** Do either of you see anything in regard to labour mobility rulings, and that sort of thing? I dealt with this a little bit provincially, and the borders are not porous for labour movement across them. What could be done to make them a little more porous?

It wouldn't solve all the problems by any stretch of the imagination, but how can we have a more flexible system or more porous system to allow people to be more mobile than they are today?

**Mr. Marc Brazeau:** Maybe I'll start. We're in an industry where a car is a car, so whether you are in the east part of the country or the west part, you're basically working on the same type of vehicle.

I think there are a couple of things there that are facts, and one is that in general, a lot of Canadians have the ability to be mobile but don't necessarily take advantage of that opportunity to be mobile. I think that's a reality that we face.

Second, to your point about the need to tighten up some of the Red Seal standards to ensure that all jurisdictions and all provinces are accepting the certain level of standards that are available, I think that's an area that could be improved upon, absolutely.

**The Vice-Chair (Ms. Jinny Jogindera Sims):** Thank you so much.

Your time is up.

Now we are moving to Mr. Cuzner.

**Mr. Rodger Cuzner (Cape Breton—Canso, Lib.):** Thanks very much, Madam Chair.

First to Mr. Mendelsohn, if you challenge a five-year-old's authenticity on the LEGO tie, if that were a real LEGO tie, you could break that bad boy down and have it back as a bow tie in a matter of minutes.

**Voices:** Oh, oh!

**Mr. Matthew Mendelsohn:** You are a master builder evidently.

**Mr. Rodger Cuzner:** I'll get both of you to weigh in on this. We did a previous study on apprenticeships and we know that there's an alarming attrition in apprentices. Enough of them start the programs, but they just don't finish the programs, and we have this drop-off rate. One day of hearings stands out in particular. We had five apprentices here and we went right down the line, and each of them said that when they had returned to school, they were supported through the EI system. Now only 28% of Ontarians, according to your figures, would even qualify for this. Their level of frustration about getting that financial support through their study period was one of the main reasons young people are dropping out of apprenticeships.

But what both of you are saying is, I believe, is that we should allow for a program that disengages the supports for those apprentices from the EI system and have them supported some way through the training program. I'd like your comments on that, please. Is that what I'm hearing from both of you?

**Mr. Matthew Mendelsohn:** I don't know enough about the apprenticeship point that you have just made to comment on it in detail. I agree that we need more apprentices and that particularly some western provinces are doing better on the ratios than Ontario is.

What I would say is that our general thrust is that the EI system needs more flexibility. One of the things we recommended in a major report a few years ago was that people could go back to finish their high school while on EI. Right now, if you're just trying to get your basic high school and you have lost your job after several years, you can't do that. The apprenticeship may be similar.

But in general and as a matter of principle, allowing a lot more flexibility so that Canadians can pursue training opportunities of various kinds—and across provinces, to pick up on Mr. Maguire's point that there is an economic union here, so that you don't lose your training opportunity if you move from one province to another—all of these flexibility things would make a lot of sense. I'm also sure that they would apply in the example that you raise as well.

**Mr. Marc Brazeau:** I would say, strictly from the point of view of our industry, that the apprenticeship program is our bread and butter. We're seeing diminishing numbers; we're seeing a high drop-off rate, something you alluded to.

There's a responsibility that we assume as employers, by the way. We're not washing our hands clean and saying that we've done everything; there is much more that we can do as employers to embrace apprenticeship even more and to make sure that there is proper mentorship and coaching on site, and so on.

But if through LMDAs there were an opportunity to define apprentices differently from the rest, so that there was a greater focus upon and a greater flexibility in apprenticeship, that would be great news for our industry.

• (0915)

**Mr. Rodger Cuzner:** The second thing is that there has been a fair amount of concern that when the job grant was created, money was taken from the LMAs, money that went to help especially persons who had challenges with literacy and numeracy.

Do you see some type of flexibility being developed through the LMDAs that might be able to accommodate some of the dollars lost through the reprofiling of the LMA money?

**Mr. Matthew Mendelsohn:** I think it's very difficult. It's very difficult because the LMDA is funded by employer and employee contributions. At its core it's an insurance program. As a matter of principle, if there are a bunch of people who are outside that system and not making contributions to EI, it makes perfect sense that they can't get access to the LMDA money.

So yes, you can have some more flexibility to make sure that people can move through provinces or pursue different kinds of training, whether apprenticeship or high school. But at the end of the day, the way the labour market has changed means that the federal funding priority has to shift toward LMA-style agreements and put more federal resources there, so that we capture more workers who need more training.

**Mr. Marc Brazeau:** If there's an opportunity to attract and not to exclude the best and the brightest as a result of their not falling within the definition, I think there's a need to look at that, because the critical skill shortages that we will see in the future will require us to be as flexible as possible in the ways we assist those people to integrate back into the workforce.

**The Vice-Chair (Ms. Jinny Jogindera Sims):** Thank you very much. That's perfect timing.

We're now moving on to Mr. Butt.

**Mr. Brad Butt (Mississauga—Streetsville, CPC):** Thank you very much, Madam Chair.

Welcome, gentlemen. It is excellent to have you here.

I was interested in what you had to say, Mr. Mendelsohn, given that I'm the only Ontario MP at the table and that you gave some specific Ontario examples.

I want to follow up a little bit on what you said about the 1996 rules and agreement and about how the funding is done, what it is based on, and about its being a time for updating. I couldn't agree with you more; this is one of the reasons we're doing this study. It's why we're here: to make sure that the funding is realistic in terms of what the needs are.

I just want to get a more specific sense from you. Are you recommending, concerning the \$1.9 billion being spent under this program, that the money should be allocated to provinces on a per capita basis? Are you tying it to unemployment rates? What is your formula, the one that you think would make this program fair?

In every federal program we run, we run into a fight—I hate to say it, because we don't want to fight with the provinces—or into this challenge. With all due respect, if Ontario gets more, the people in Cape Breton probably get less, and Mr. Cuzner would not be very happy about that.

What is the answer? You've been on the provincial side in negotiating these agreements. What recommendation do you have for us at the federal level as the best way to allocate this money across the provinces? Is it needs-based, or is strictly per-capita-based, in your view?

**Mr. Matthew Mendelsohn:** I appreciate the challenge, I appreciate the difficulty, I appreciate the inter-regional dimension of this. When money is on the table in these things, if someone is getting more, someone is getting less. I appreciate all of that.

We have not come up with a specific recommendation in terms of the formula. We always say that it needs to be principles-based and justifiable. Right now, the current formula, based on the 1996 changes, is not justifiable.

I think you can make a really strong case that it should be per capita. I think you could make a really strong case that it should be based on percentage of unemployed—that's a needs-based formula. I think either one is fine. They wouldn't lead to huge changes. Obviously unemployment is higher in New Brunswick than it is in Saskatchewan, but the changes aren't really large. And so, whether it's based on the percentage of unemployed or is per capita-based, I think you'd get much closer to a fairer formula. And if people are trying to move that way, you can always have transition mechanisms that help ease the transitions along.

The real focus is to get training dollars to where they are most needed, so that we can improve our human capital and help support it. Right now, there are lots of people who can't get access to the major federal funding, that \$1.95 billion that we all contribute to.



• (0920)

**Mr. Brad Butt:** Okay.

The second question I have—because this will be it for my time, I'm fairly sure—can be answered by both organizations, I think.

Here's the other thing that we always struggle with. Do we have strict national standards across the country, such that provinces really have very little flexibility in adjusting for regional needs? Or do we err on the other side: do we have benchmarks or targets, but tons of flexibility in the LMDA agreements with the provinces to adjust for these regional differences?

I'd like both of your senses. Maybe AIA can start, and then Mr. Mendelsohn can answer second.

**Mr. Marc Brazeau:** We would favour as much flexibility as possible, because the winds shift, the needs will shift, the demands will shift.

To address your earlier question about the formula, I like to see a formula strictly based on where the needs are, rather than per capita-based. What are the jobs that are needed? How do you invest to fill those jobs? We would like to see as much flexibility as possible, in terms of that formula.

**Mr. Matthew Mendelsohn:** I agree fully with that. I think the federal government always has to be realistic about what it can know and can do, and the labour market training needs are different in Saskatchewan from those in Nova Scotia. At the end of the day, I have not heard anyone say that the federal government wants to get back into the business of actually delivering training programs on the ground. That function rests with provinces and with municipalities. It is often connected to the education system and PSE system and to colleges that are run or managed by provinces.

I very much support the federal government's playing a leadership role, a steering role, but by negotiating agreements that provinces feel they can deliver on. The way we would deliver programs in Toronto and the needs there are very different from what they are going to be in Cape Breton.

**The Vice-Chair (Ms. Jinny Jogindera Sims):** Thank you very much. Your time is up.

Monsieur Brahmi.

[*Translation*]

**Mr. Tarik Brahmi (Saint-Jean, NDP):** Thank you, Madam Chair.

Mr. Mendelsohn, I imagine you understand that employees and employers are somewhat reluctant to the idea of redirecting funds collected under the EI regime to those who haven't paid into it. In this particular case, we're talking about employees.

If we look back at the fund over time, we know that \$57 billion from the EI fund was redirected to the overall budget. So, historically speaking, there's some understandable reluctance around redirecting money to people who didn't pay into the fund. Does your recommendation reflect the situation in Ontario? Do you think that other provinces, and in fact the entire country, would want or agree to allocating money from the EI fund to employees who didn't pay into it?

**Mr. Matthew Mendelsohn:** Thank you very much for the question.

As I was saying earlier, I think it would be very tough to give other workers access to the EI contributions employees have made. I completely agree with you. But I think the option of exercising more flexibility when it comes to applying employer contributions to a larger number of workers is still possible.

Ontario is facing the biggest challenge, but every province would do well to better allocate federal funding. This is just one suggestion, but it might be possible to lower all employee and employer contributions, and increase spending on more generalized training through the LMDAs. That's one possibility.

**Mr. Tarik Brahmi:** Mr. Brazeau, in your presentation, you said that one of the problems with LMDAs was that they didn't target a specific industry. And, at the same time, you are asking for greater flexibility around what training dollars are used for. Isn't that somewhat of a contradiction?

If we calculate the formula for funding access on an industry basis, as you suggest, rather than using a province's population or needs in relation to the unemployment rate, it could result in an industry not spending all of its training dollars in a given year. And that money could have gone to another industry in need. Such a formula could, in fact, limit the possibility of transferring funding from one industry to another. Conversely, you want greater flexibility. Isn't there a contradiction of sorts between those two things?

What method or formula for funding allocation would you propose to eliminate that contradiction?

• (0925)

**Mr. Marc Brazeau:** I'll use Quebec as an example.

Quebec has a law requiring employers with a total payroll of \$1 million or more to invest 1% of that amount in training. Many of our members who are subject to the condition use that funding.

If the money isn't used, it goes to an organization charged with allocating it to where it is needed. And that could mean another industry. There are groups responsible for doing that. Quebec has a labour sector committee that we work with, called the Comité sectoriel de la main-d'oeuvre. The idea is to invest in training when the need is there. Flexibility is the key to the formula. In a particular year, training may not be necessary because no new technologies were introduced, but two years later, extra training may be needed.

The entire country would benefit from such a model. It works quite well in Quebec. I can tell you it has really helped our industry since it was put in place.

**Mr. Tarik Brahmi:** Thank you.

[*English*]

**The Vice-Chair (Ms. Jinny Jogindera Sims):** You have 20 seconds.

[*Translation*]

**Mr. Tarik Brahmi:** Okay. The next person can have the time.

[*English*]

**The Vice-Chair (Ms. Jinny Jogindera Sims):** Thank you.

We'll go over to Mr. Mayes.

**Mr. Colin Mayes (Okanagan—Shuswap, CPC):** Thank you, Madam Chair, and thank you to the witnesses here today.

I want to discuss a statement made about Ontario not getting a fair share of the LMDA allocation. I'm from western Canada. We pay more than our fair share. You might feel that you are not getting your fair share, but we pay more than our fair share because we have low unemployment, we have high wages, and all those funds going into the EI fund are being used by other provinces.

If you were to allocate that larger amount to LMDAs for provinces that have high unemployment, they're not meeting the needs of low unemployment regions, so there has to be some mobility here.

The other thing is this. I've been in business all my life and on the shop floor if I see a lot of grey hair, I realize I have to find some younger people to train to take the places. I don't ask government to do that; that's part of my responsibility as a business person.

So to state that our Canada job grant is a waste of time is nonsense. We need to get the employers involved to match up with the people who are needed on the shop floor. The Government of Canada is saying, okay, we're going to help out to train, but there has to be some skin in the game by the employers because they're the ones who are going to benefit. They're the ones who haven't taken the time to train people knowing that they have an aging population. So I just want to put that on the table.

We're doing our best as a government to try to meet these needs through the Canada job grant and through LMDAs. We're looking at doing it better, and that's what we're here to talk about: how can we do this better? That's my question. How can we do this better?

**Mr. Robert Pitt:** Your point is well taken. You can tell by the look here that as an industry, a lot of us have the same hair colour and we need to prepare now for a large wave of succession at the business level and the employee level on the shop floor—and even at the ownership level. Your point's well taken.

The employer needs to start setting the bar for the future now. As an industry we're out to promote that on a daily basis.

● (0930)

**Mr. Marc Brazeau:** Yes. One example that I'd like to share with you is that we do work very closely as an industry with community colleges, whether it be NATE, Red River College, or Georgian College. We get involved very intimately with those colleges, and in some cases we fund programs specifically at the college system level. The contributions that we are making today are important ones.

We need to do more, absolutely, but you won't find an industry more in line with your thought process where it's an equal responsibility. It's not off-loaded onto community colleges, and it's not off-loaded onto government. It's an opportunity for those parties with a self-interest in this to work together to accomplish that.

I think that's where we have fallen short, Mr. Mayes. We have not done a good enough job to be on the same wavelength, on a consistent basis, to address where the needs really are.

I just want to mention our position, versus my colleague's position, with respect to Ontario. We don't share the same opinion on the need, perhaps, to prop up that one part of the region. We believe there's an urgent need all across the country for us to do more with skilled labour, and that's our focus on a national level.

**Mr. Matthew Mendelsohn:** Thank you very much for the question and that insight.

I certainly did not want to suggest that I thought getting employers involved in training was a waste of time. That certainly isn't my intention. We believe that employers must be more engaged with training.

What I was suggesting was that in Canada this human capital strategy needs to be driven by consultation and cooperation between federal and provincial governments. Announcing the Canada job grant in the way it was done—with the suggestion that money would come by clawing back provincial transfers, and that the provinces would have to match the funds, without any previous consultation—was not a smooth way to move forward this process.

I would say that employers do need to step up. One of the concerns that I have had with the Canada job grant is that we are suggesting that employers need trained workers—there's a desperate shortage of trained workers, as everyone is saying—and yet they need \$10,000 from the federal and provincial governments for them to kick in \$5,000 to the Canada job grant.

I am concerned about this subsidy to businesses to train workers when they say they're in such desperate need. I would agree with you that if businesses see grey hair and need workers, they should step up and train workers, without the government clawing back transfers to provinces that were designed to help the people who are outside the labour market get basic skills like literacy and numeracy. These skills are important in the long term.

**The Vice-Chair (Ms. Jinny Jogindera Sims):** Thank you very much. I'm sorry, you're out of time.

Now we're going to go back to Madame Groguhé.

[*Translation*]

**Mrs. Sadia Groguhé:** Thank you, Madam Chair.

Mr. Brazeau, you just mentioned the 1% that is put towards funding. I am familiar with the system since it exists in France and works fairly well. The employer has direct control over how their needs are met.

That enables them to set up a whole training system using their human resources. And what that could really do for your industry is provide for internal coaches or mentors who could also coach young apprentices or others to replenish human resources. I understand your thinking completely. It's a great idea, but how could we put it into practice?

**Mr. Marc Brazeau:** Do you mean implementing the measure on a national scale?

**Mrs. Sadia Groguhé:** Precisely.

**Mr. Marc Brazeau:** That's an excellent question without a simple answer.

**Mrs. Sadia Groguhé:** I realize that.

**Mr. Marc Brazeau:** We're dealing with a number of different levels of government. Each province has its own responsibilities and independence. Some of our members outside Quebec have studied Quebec's model and put it in place themselves.

For instance, Kal Tire, a company in Vernon, B.C., has 250 stores in western Canada and Ontario. Underlying its approach is the desire to hire and train young people so they pursue a career in the field and work in a number of jobs. The company wants young people to build their careers in the field, so it invests in employee training. It has a training facility in Vernon where it trains young people and invests in their careers.

That's why I think the private sector offers us some examples we could model our approach on. Some companies in Quebec have already developed a similar model. I think we should promote these practices and parlay them into an overall success story.

• (0935)

**Mrs. Sadia Groguhé:** The model is even more appealing because it allows money that isn't used or needed to go into a pool that is accessible to those who need it.

**Mr. Marc Brazeau:** The pool would be controlled.

**Mrs. Sadia Groguhé:** Absolutely. That's really something.

I'd like you to comment on apprentices and apprenticeship.

The problem seems to be that young people aren't really choosing a career in the technical trades. Universities continue to churn out graduates who often can't find jobs, and yet there's a real demand for people in technical trades.

What can we do to promote the trades? What additional measures have to be taken to target those young people, who may or may not have finished high school? How do you envision that?

**Mr. Marc Brazeau:** Today, the model is broken. Young people are encouraged to register for certain college or university programs in fields that don't offer any job prospects after two or three years. We already know that. It is at that point that we need to take action. There's a lack of communication between colleges, industry and governments.

When colleges receive funding from governments, the money often goes to programs that don't lead to jobs after two or three years. We need to start by fixing that problem. We need to identify what the needs are and encourage young people to consider the trades, which offer incredible career prospects. But we're not doing that in a targeted or strategic way, and that's what has to change.

**Mrs. Sadia Groguhé:** Very good.

Do I have any time left, Madam Chair?

[English]

**The Vice-Chair (Ms. Jinny Jogindera Sims):** You have about 45 seconds.

[Translation]

**Mrs. Sadia Groguhé:** Do small business owners in your industry who train apprentices have access to the Skills Development Apprenticeship component of employment benefits funded under LMDAs? Is the program component used very often? Do people know about it?

[English]

**The Vice-Chair (Ms. Jinny Jogindera Sims):** Very briefly, please.

[Translation]

**Mr. Marc Brazeau:** One of the challenges small and medium-sized businesses face is they don't have someone managing their human resources. The owner is the person responsible for all aspects of the business. And as a result, I would say very few businesses access that component of the program.

[English]

**The Vice-Chair (Ms. Jinny Jogindera Sims):** Thank you very much.

Over to Ms. McLeod.

**Mrs. Cathy McLeod (Kamloops—Thompson—Cariboo, CPC):** Thank you to the witnesses. I think we've had a very engaged discussion this morning. I have a comment and a question.

I appreciate the comments about the allocation of funding, but to be quite frank, I've just lived through the health care change and it is always fraught with challenges. So whether it's principle-based, is it really where the workers are most needed, and need to be trained like the west, or the Maritimes which is struggling, or be proportionate? I think it's a really important point, but where the right solution is I actually don't know.

I find that when we have these LMDA discussions we regularly head into the broader discussion of skill shortages, then we tend to look at the LMDA as a be all for everything. I think it is important to remember that for our students, we have the Canada student loan programs. We've done incredible things recently for apprenticeships, for young people going into apprenticeships, and with the targeted initiative for older workers, the LMAs. What is the LMDAs function within the bigger array of programs?

It sounds to me like the employers are saying "We don't really care where those training funds are used as long as we get the person we need out of that". I am familiar with the circumstances of someone recently who is EI eligible, who's a longtime worker, who through no fault of their own lost their job and is on EI but is unable to access the kind of training they need to move on.

My first question is, and maybe Mr. Mendelsohn can answer this one, are all the people who are actually eligible currently, without expanding the criteria, really getting the support they need? Certainly, from anecdotal experience I would say no. They're being told "Oh well, we've run out of money for this year so we can't support you on that training".

We obviously have some challenges there.

● (0940)

**Mr. Matthew Mendelsohn:** That's very interesting. That's not something I heard of and when I do these things, I often learn as much as I explain. Our focus tends to be on the broader policy and occasionally we do more detailed work, but I think you are the front-line focus group, finding out whether there are real problems with the LMDA. I hadn't heard that, that someone who has just lost their job, had been contributing for 10 years, and wants to upgrade their skills or change careers, and goes down to the provincial agency and is told, "Oh, no, we've run out of funds this year". I haven't heard lots of that.

There would be kinds of programs or things people want to pursue that they are not able to. Earlier on I mentioned high school. You can't really do post-secondary education, and there may be kinds of career choices that someone wants to choose and wants the LMDA to fund, but province might say are not within their criteria or that they're not allowed to do that. I certainly would be interested in hearing more about the kinds of cases you're talking about, because I haven't heard a lot of that.

**Mrs. Cathy McLeod:** I think that sounds like some like some data that perhaps our committee should try to get from the provinces. Before we talk about expanding who can participate in LMDAs, it's important to know if there are eligible people who are actually getting turned down.

Mr. Brazeau, is it fair to say that the employer to some degree really doesn't care about eligibility? It's really about their thinking that they need that warm body and don't care if it's an LMDA person, or someone from the targeted initiative for an older workers, or someone who has come the apprentice program. It's just that they need that warm body. Is there any sense from your businesses that no, that money has to be kept so that if I lay off someone from my shop, I really want to know that their and my contributions are supporting them in their—

**Mr. Robert Pitt:** I don't think we have enough data from our own industry to answer that at this point in time.

**Mr. Marc Brazeau:** The example is a specific one, and as for whether or not we see that in our industry, it's difficult for me to comment on that.

But to your point about how employers in general perceive a situation like that, keep in mind that small and medium-sized enterprise tend to make up our membership. These are enterprises or companies that are employing probably 10 to 15 people on average, and include a lot of auto parts stores. Their focus is on how to track the best and the brightest, how to keep them, how to give them ongoing training. I think if as much flexibility as possible can be built in to allow those employers to access specific funds for that, that would be a plus.

Not a lot of my members are thinking about what they have to do if they have to lay off someone. They're living in the moment. They're trying to run a successful business. They're trying to meet the needs of their customers. That's really what's driving their interest in seeing a program that has flexibility.

**The Vice-Chair (Ms. Jinny Jogindera Sims):** Thank you very much and I want to thank the three panellists, Mr. Pitt, Mr. Brazeau, and Mr. Mendelsohn, for sharing your time and expertise with us.

We are going to take a minute's break while we switch panels.

Thank you very much again.

●

\_\_\_\_\_ (Pause) \_\_\_\_\_

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● (0945)

**The Vice-Chair (Ms. Jinny Jogindera Sims):** We have two witnesses for our second panel.

We have Kim Allen, chief executive officer of Engineers Canada; and Michael Mendelson from the Caledon Institute of Social Policy, who tells me that he is not related to our earlier witness.

Kim, are you going to start first? Thank you.

I just want to remind everybody that both of you will have seven minutes to present and that I'm going to cut you off at seven because we're very tight for time and parliamentarians will have five minutes each to engage in a conversation.

Thank you very much. Over to you, Mr. Allen.

**Mr. Kim Allen (Chief Executive Officer, Engineers Canada):** Thank you for the opportunity to appear today.

Engineers Canada is the national body that represents the provincial and territorial regulators of the engineering profession. Canada's engineering regulators license 270,000 engineers across the country in all disciplines. This group of qualified professionals includes engineers-in-training just starting their careers, mid-career licence holders juggling work and family pressures, and professional engineers contemplating retirement.

The regulators help keep Canadians safe by making sure that licensed engineers are held to the highest standards of engineering education, professional qualifications, and professional practice and ethics.

Engineers Canada's most recent labour market study showed that in most jurisdictions, there will be shortages of engineers with five to ten years of experience or specialized skills, while new graduates from engineering programs may have difficulty finding jobs between now and 2020.

This shortage could have an impact on economically significant industries including public infrastructure, natural resources, manufacturing, general construction, research and development.

Today, I'd like to focus on three recommendations that I believe should form part of how the federal, provincial, and territorial governments move forward as they negotiate and implement labour market development agreements. The smooth implementation of programs like the Canada job grants program has a potential to address employer's needs and ease the serious skills mismatch in professions like engineering.

Every year we survey engineering students who are at the end of their bachelor of engineering degrees. Almost 80% of the 12,000 engineering graduates want to immediately join the workforce as engineers, but employers are looking for specialized engineers with five to ten years' experience. To become a professional engineer, these graduates require four years of work experience.

The result is a group of talented, disappointed graduates who are frustrated, and under-resourced employers. We are told that employers are hesitant to invest in the training required to develop the skills and specializations they want. Employers are looking to fill the gap at the top of the ranks, and even though more students are pursuing engineering, they do not necessarily meet employers' current needs.

The Canada job fund and Canada job grant are steps in the right direction, but must consider going beyond the current focus on small and medium-sized businesses and short-term training, and consider an emphasis on trades and college-level training.

Secondly, the employment benefits that support measures that are the current focus of labour market development agreements need to be evaluated to ensure that they are providing the right training. This may mean looking beyond the trades and apprenticeships and how we incent and engage highly skilled jobs such as engineering for those with academic credentials who are finding themselves unemployed.

Another aspect is to help make sure that the design of the employment benefits under the labour market development agreements, or employment insurance benefits, are not disincentives to long-term employment or long-term incentives by employers.

One suggested change to the broader employment insurance regime, proposed by the Women in Engineering and Geoscience Task Force, our association in British Columbia, is adjustments to how employment insurance for parental and maternity leaves are structured. Allowing parents to voluntarily maintain a certain level of engagement with their jobs without penalty can promote retention in the profession with specific employers. Over time, this can make any dollars an employer is spending on training an even better return on investment.

Finally, Engineers Canada believes that the aspects of addressing unemployment and skills mismatches and shortages is getting to the right people, in the right careers, from the get-go. Even though there are approximately 70,000 undergraduate students in accredited engineering programs across Canada, we still need more.

Between now and 2020, approximately 95,000 engineers could fully or partially retire, and an estimated 16,000 new engineering jobs will be created. We need to focus on the attention by professions, employers, academia, and governments to keep our economy growing.

• (0950)

For our part, Engineers Canada is launching new tools to help prospective and current engineers succeed and better understand skills and attributes they need to fully participate in the engineering economy. Our CareerFocus assessment, to be fully launched this fall, will allow potential and current engineering students to assess their ability to succeed in engineering and will be able to help identify

their strengths in the areas of improvement that they may bring to their employer.

Now is the time for—

**The Vice-Chair (Ms. Jinny Jogindera Sims):** Could you just finish off, Mr. Allen?

**Mr. Kim Allen:** Sure. Now is the time for—

**The Vice-Chair (Ms. Jinny Jogindera Sims):** I'm sorry. My apologies. You have two minutes.

**Voices:** Oh, oh!

**Mr. Kim Allen:** I only need about 30 seconds.

Now is the time for employers to provide more information to universities, colleges, and provincial and territorial governments about what they need from their employees. In recent conversations I've had with an employer, they indicate that they need engineers who have not only technical competencies and analytical skills, but also better writing and stakeholder management skills. This kind of information is invaluable.

As part of the agreements between the provinces and territories and the federal government, Engineers Canada recommends that data collection from all participants be improved, especially from employers. That information must be made available to academia, professions, employers, provincial and territorial ministers of education, and policy-makers in skills, immigration, education, and economic development.

Thank you for the opportunity to speak with you today. I'm happy to take any of your questions.

• (0955)

**The Vice-Chair (Ms. Jinny Jogindera Sims):** Thank you very much.

Mr. Mendelson.

**Mr. Michael Mendelson (Senior Scholar, Caledon Institute of Social Policy):** I'm your second Mr. Mendelson for the day, and I'm no relation, by the way.

Thank you very much for the opportunity today to comment on the renewal of the labour market development agreements. Most of the presentations you've heard have focused on the rules and the funding of the LMDAs. For example, several witnesses have advocated the requirement for a uniform 360 hours of work to determine eligibility for employment benefits and supports, and we agree that this is especially necessary in view of the declining eligibility for regular employment insurance benefits for many workers in Canada.

Generally we also endorse these recommendations, but I want to take a different tack this morning and address the future of the LMDAs from another angle, one that you possibly haven't heard as much about. I want to ask what the federal government's role in employment training and supports should be.

I'm old enough—I have not just grey hair but almost no hair—not only to remember the Meech Lake accord but actually to have played a very minor role in the negotiations. The failure of the Meech Lake accord led to, as a few of you may recall, a much sharper discussion of the division of powers between the orders of government. One of the key areas of responsibility under consideration was labour market training.

In initiating a second attempt at constitutional reconciliation after the failure of the first Meech Lake accord, Prime Minister Mulroney's government released an important paper called “Shaping Canada's Future Together”. In that paper, Ottawa proposed a “constitutional amendment to recognize explicitly that labour market training is an area of exclusive provincial jurisdiction”.

This proposal eventually became a consensus among all of the participants and was incorporated as a draft constitutional amendment in the Charlottetown accord in 1992. We all know, of course, that the Charlottetown accord failed to pass. Nevertheless the consensus supporting provincial responsibility for labour market training remained intact. A process of transferring federal labour market training funds, staff, and programs to the provinces was initiated under Prime Minister Chrétien in 1995. That was the origin of the first LMDAs. The consensus not only endured but was reinvigorated with the election of Prime Minister Harper's government. The late finance minister Flaherty in his 2007 budget recognized “the primary role and responsibility that provinces and territories have in the design and delivery of training programs”. Under Mr. Flaherty's direction, the process of devolution was continued and completed with the signing of an agreement with Ontario in, I think, 2007.

The argument for provincial primacy with respect to labour market training is not just about jurisdiction for jurisdiction's sake. It makes overwhelming sense from a practical, programmatic perspective to centre labour market training in the provinces. The strength of federalism is that it can respond flexibly to different conditions in different parts of Canada. We have everything from virtually full employment in Alberta and Saskatchewan to chronic double digit unemployment in much of the Atlantic provinces. We have a booming natural resource sector in some provinces and a struggling manufacturing sector in others. Moreover, the provinces and territories have responsibility, as we all know, for education, including not only K to 12, which is critical, but also colleges, universities, and all other streams of training.

• (1000)

If we want—and I'm again quoting the late Minister Flaherty —“one-stop, seamless labour market programming”, labour market training has to be consolidated under provincial responsibility. In our view the provinces have been reasonably successful in improving training programs, although as I will note in a minute, we do need much better evaluation. When I say they have been “reasonably successful”, I don't mean that we have reached nirvana and that every program works perfectly and we can't make further improvements. Of course we can.

Our recommendation, though, would be not to fiddle with the process of devolution. I would argue, don't do what has been done recently with the labour market agreements. Let the provinces

continue to do what they do best so Ottawa can get on with its own job.

What is Ottawa's job in the area of labour market training? We see three critical roles. One of them has just been mentioned.

First, Canada needs vastly better labour market information and we need that labour market information not only at the wholesale level, by which I mean statistical data that governments and analysts can look at, but at the retail level as well. That is workers in rural New Brunswick, for example, need to have a way of knowing which jobs are available in northern British Columbia.

Today we have the worst of all worlds. We have unreliable and out-of-date labour market information for employers, analysts, researchers, and governments, and we have no national labour market exchange.

Firm-level surveys are one approach, and we have seen in the newspaper recently a discussion of a firm-level survey that took place, the results of which haven't been analyzed. But firm-level surveying is old-fashioned and it's expensive and it's always out of date.

I'd say let's get creative, let's move Canada into the 21st century. We need real-time information on labour demand and that can be achieved through the creation and use of administrative data. One small relatively inexpensive beginning—

**The Vice-Chair (Ms. Jinny Jogindera Sims):** Thank you so much. Maybe you can hold onto that thought and you will get a chance to add that because I've gone a little bit over, thinking you were just about to finish.

**Mr. Michael Mendelson:** Okay, I have three recommendations.

**The Vice-Chair (Ms. Jinny Jogindera Sims):** I'm sure we'll find a way to get those out during the questions.

Do you have a written presentation as well?

**Mr. Michael Mendelson:** I do.

**The Vice-Chair (Ms. Jinny Jogindera Sims):** Okay, that's great.

Over to Madame Groguhé.

[*Translation*]

**Mrs. Sadia Groguhé:** Thank you, Madam Chair.

My first question is for Mr. Allen.

Engineers Canada developed its—

[*English*]

**Mr. Larry Maguire:** Madam Chair, on a point of order—and I hate to interrupt my colleague—

**The Vice-Chair (Ms. Jinny Jogindera Sims):** We'll stop the clock.

**Mr. Larry Maguire:** I wonder, because I thought a pretty important point was being made about communications across the country. Rather than leaving it, I'd give him two minutes of my time if he could read the last page. I think it would be pretty important to have our colleagues agree unanimously to allow him to finish his page.

**The Vice-Chair (Ms. Jinny Jogindera Sims):** I went to almost eight minutes and I had given a signal ahead of time.

If we get unanimous consent—

**Mr. Colin Mayes:** Yes, you're at the pleasure—

**The Vice-Chair (Ms. Jinny Jogindera Sims):**—then there will not be a problem, but members have to realize that it cuts into their time.

Thank you.

Do we have unanimous consent—

[*Translation*]

**Mrs. Sadia Groguhé:** Very well.

[*English*]

**The Vice-Chair (Ms. Jinny Jogindera Sims):**—to hear the recommendations?

**Some hon. members:** Agreed.

**The Vice-Chair (Ms. Jinny Jogindera Sims):** It's your lucky day.

**Mr. Michael Mendelson:** Thank you very much.

I'll skip right to the next two recommendations.

First, we recommend a vastly strengthened labour market information system at both the wholesale and what I call the retail level.

Second, through the LMDAs the federal government distributes employer and employee EI funds to the provinces and territories for employment benefits and support, and that's what we're talking about today. Ottawa is the steward of these funds and has the right to insist on more accountability on behalf of EI contributors. This could and should start with much deeper and more meaningful reporting by provinces on both the input and the output of the LMDAs.

Further, governments should work together to develop uniform reporting standards so a national picture can be obtained.

Third and last, LMDA employment benefits and supports need to be better evaluated. For those who know about the evaluation, it is very weak. Good evaluation requires third-party objective review where it's possible, randomized controls, and rigorous statistical and economic analysis. We need to know what is working well and what is not, what makes financial sense and what does not, not as a way of attaching blame but as a way of improving our programs.

The federal government should be requiring high standards for evaluation and should be aggressively promoting best practices.

Let me stop there and let you get on with it.

•(1005)

**The Vice-Chair (Ms. Jinny Jogindera Sims):** Thank you very much.

We'll now go back to Madame Groguhé.

[*Translation*]

**Mrs. Sadia Groguhé:** Thank you, Madam Chair.

The committee has repeatedly heard that the labour market information system is inadequate. Many witnesses went even further than that. I'd like to hear what both of you have to say about a message we have been repeating for a long time.

Mr. Allen, Engineers Canada developed its own system to capture labour market information. Could you tell us why you ended up developing your own data collection system? What features does it have? What benefits does it offer? I'd like you to tell us about that.

Then, Mr. Mendelson, I'd like you to tell us more about what you are recommending on the first point.

[*English*]

**Mr. Kim Allen:** Sure. Why we ended up developing the labour market system was due likely to the same issues that a number of your witnesses have talked about. It's just a huge, huge gap. To try to plan so people can end up with very successful careers, we're looking at how to actually sustain a very good engineering profession. You need to understand where the gaps are, and we find our labour market study is very regional and very discipline-specific. So with engineering, depending on how you want to quantify it—there are some 75 different disciplines now, and various different parts of the country require different parts of engineering—as you try to engage young people to see engineering as an attractive career, you want to be able to demonstrate that there are lots of possibilities.

One of the features we include, as Mr. Mendelsohn talked about with some of the best practices that we actually use, is confirmation through focus groups of employers. We do our statistical analysis and then we bring in focus groups of employers to ask whether this makes sense—we do that regionally. And so we go across the country and we ask whether all those things make sense, as we publish those types of features. Our target is really to have that continuum, so that not only do we know what we should be training at our universities, but we think it will also help with the immigration systems, particularly as we move to the expression of interest system, and any of the federal skilled worker programs and those types of programs. We need very good labour market data that looks to the future, data that's not five years old and reflecting what the labour market looked like five years ago. What does it look like in five years from now or ten years?

[*Translation*]

**Mrs. Sadia Groguhé:** Mr. Mendelson, could you add to that?

[*English*]

**Mr. Michael Mendelson:** The old way of getting data was to do a survey, and that's very extensive, especially if you have to do a detailed firm-level survey, and then it takes a lot of money and a lot of time to analyze the data, which is inevitably, if it's really fast, a year and a half out of date or so, and usually more, which often is inadequate.

In the meantime, Visa, just to pick a company, or Google, has information today about the purchases and the interests of people in the last hour. We need to look at labour market information that's in real time, and the only way to do that is by taking a completely different approach to assembling information, and that is by using what's generally called administrative data. This is not a simple thing to do and it's not inexpensive to develop, although once developed it's much cheaper to maintain. We need data, though, not only at what I call the wholesale level—that is, for researchers and for the federations and so on—but we also need labour market information for ordinary people in Canada.

I have one suggestion in all of the debate about the temporary foreign worker program. What if we had a website where anybody requesting a temporary foreign worker was required to post the job, so that job would be known to anybody in Canada who cared to look at the website? Why couldn't that technology be employed today, so that it would be available right now? As a suggestion, it's not particularly expensive.

I'll just say one more word. Those who remember their social history will recall that in the 1930s there was a demand for something called labour market exchanges, based on the fact people didn't know when and where a job was. So I'm suggesting the modern version of a labour market exchange, based on modern telecommunications technology. I think it's possible.

•(1010)

**The Vice-Chair (Ms. Jinny Jogindera Sims):** Thank you very much.

We'll now move on to Mr. Armstrong.

**Mr. Scott Armstrong (Cumberland—Colchester—Musquodoboit Valley, CPC):** Thank you.

I want to thank our witnesses for being here today.

Mr. Allen, I want to talk a bit more about what I'm now going to call the engineering paradox. You have employers who are looking across the country for engineers with 4 to 10 years' experience before they are willing to hire them. Then you have this cohort of new graduates or newly trained people who don't have this experience but are qualified as engineers academically.

Is the industry looking for the government to solve that? Is the industry willing to put some skin in the game in a mentorship program, an internship program, or an apprenticeship program, much like we saw when we travelled to Germany, to try to solve what I call the engineering paradox? How do employers in your industry see their role in solving this problem?

**Mr. Kim Allen:** I think there's a sense of it being on the one hand and then on the other. It's about how they actually get and win the job and be competitive and carry out the business, and yet they also feel that responsibility of bringing along the young people and putting it in there. Employers would welcome any type of program that actually assists them so that they are not at a competitive disadvantage in doing that. If it's creating more overhead in bringing along the people as they're learning to do the jobs and learning to do those ones, it's a burden on the employer as they try to be competitive on whatever project they happen to be working on.

There's a keen interest in developing them and putting them on. Some of the employers are concerned that there's a fair bit of mobility among engineers and that people move firm to firm, so if they invest in that and then the next firm ends up hiring them and so on. But I think if it's done on that kind of subsidized basis through some type of assistance in helping people through that internship period, of getting them in for the first couple of years, and once people are in.... The real challenge with the engineering one, with that whole paradox, is that most of the engineering guys are bright young folks, and they end up getting a job someplace. They don't necessarily end up in engineering. If their first job isn't in engineering, then their career will go off into that path and they are kind of lost to the whole engineering profession, so you end up with the shortage as you come to the experienced ones.

**Mr. Scott Armstrong:** There's a problem there, because we have these young people who are investing four to five years of their young lives training for a profession that has barriers to entering as soon as they graduate. Then we have industry telling us that they'd love to have them, but that they're not experienced enough.

In the construction trades, for example, they invest heavily in apprenticeships and in their own training programs. The federal government is there to help. We've invested in the most recent budget in apprenticeship loans. We have paid internship programs now, which we announced in our last budget. I think those programs are moving in the right direction, at least in the skilled trades. Would you not agree? Would the industry like to engage in some of these to try to help solve this paradox?

**Mr. Kim Allen:** Yes. I think they're very similar types of programs that are needed. I think they're probably somewhat different, but I think those types of approaches have worked well with trades in getting people in and getting them the requisite experience so they can move on and practise in that profession. What is needed? How do you get that first one? Once you get that first level of experience, then things will carry on and they'll do just fine.

**Mr. Scott Armstrong:** Thank you.

I want to move on to Mr. Mendelson.

In one of your quotes, you talked about how the federal government, since we're providing the bulk of the funding to the provinces, is right to expect accountability for those dollars. Could you expand on that and talk about what type of process we should put in place to hold the provinces to account for these federal tax dollars that are being transferred to them?

•(1015)

**Mr. Michael Mendelson:** There is reporting required now by the provinces, but if you look through the reports that the provinces provide you'll find that they are pretty sketchy. It's pretty hard to tell what actually happened and what particular outcomes there were, but also where the inputs really were and what programs are being funded.



As a start, I think just getting together and demanding a level of detail that would allow for an accounting of which programs are being funded by the LMDAs and some kind of measure of the outcomes of those programs in a consistent fashion, so that you can understand the expenditures in each province and compare them, but I think.... I unfortunately look at these things as punitive, and I don't think we should be looking at them as punitive. In the ideal world, the provinces and the federal government should work together to try to define a coherent set of reporting standards that will really be meaningful and allow us to understand what's being spent and what's successful. I think it's reasonable to demand that, because these are contributions from workers and from employers, and they have a right to know what's being done.

**The Vice-Chair (Ms. Jinny Jogindera Sims):** Thank you very much.

I'm sorry, but you're well over your time, Mr. Armstrong.

Mr. Cuzner.

**Mr. Rodger Cuzner:** Thanks, Madam Chair.

On that, I was going to ask the same, because you're echoing concerns that have been shared by a number of people. Certainly, the manufacturers were here and you pretty much echo what they said, not only on reporting but also on the evaluation of what is reported. That's something that we've heard from several witnesses.

If I could, Mr. Mendelson, with the training wheels off with that report and with some of the comments that have been made on the job grant, one of the comments made was that it's likely to deliver inferior results at higher costs compared to the programs under the current labour market agreements it would displace. Could you expand on that?

**Mr. Michael Mendelson:** Sure. I've avoided talking about the Canada job grant because I did not want to.... I think there were some important things to say about the LMDAs that we could just submerge in a discussion.

I'm going to say something contentious. In my view, it's very evident that the Canada job grant will result in a net reduction in training in Canada, for two reasons. One, it's displacing relatively inexpensive, well-tested programs that have taken quite a long time to evolve. Two, a lot of the money will go to offset some of the costs that are already being spent anyway. For example, the gentleman who was here previously was speaking about a company that did quite a bit of training. I'm not blaming the company, as I would do the same obviously. But if they were paying for it themselves before, they'll now gladly take the \$10,000, or whatever's available, from the government. So that will be, from a taxpayer perspective, money that's lost on training. So my view is that the Canada job grant is going to result in a reduction in the amount of skills training going on in Canada.

I didn't want to say anything too incendiary, but there it is.

**Mr. Rodger Cuzner:** But it sort of mentions it, and I don't disagree with Mr. Mayes and his comments in the last round with regard to...and what the Minister has said as well, that employers need more skin in the game. I agree with that, but I think we have to realize that if there's something in the LMDA that can be done to offset any.... You say the risk is that the underemployed or

unemployed, with the job grant, may not be served as well as under what's there now. Under the new job grant, maybe the under-employed and unemployed will not be served as well. Do you have a comment on that?

• (1020)

**Mr. Michael Mendelson:** First of all, under the Canada job grant, many employers will have less skin in the game because they'll be getting government grants, whereas before they weren't. That's an issue. But how is a high school graduate in Nova Scotia going to get the skills they need to get a job in Alberta under the Canada job grant? Is an employer going to train them so they can get a job somewhere else for some other employer? I don't think so.

There is something to be said for on-the-job training, and I'm very much in favour of it. We don't do enough of it. But that's not the be-all and end-all of training. There is a lot of downsides. Employers, as we've mentioned, small and medium-sized enterprises, don't have human resource departments. There's no way they're going to be able to develop meaningful training programs.

There are also other issues. There's a concept, for those of you who took first-year economics, of spillover effects. If you know you can train someone but that training is portable, your money might end up benefiting your competition's firms. That's a classic case in economics of under-investment.

How do people who aren't currently employed by a great firm that wants to do training get access to the Canada job grant fund? There doesn't seem to be any way to do that. Will they get the kind of skills training they need? It's not in my view—and I'm trying to be very non-partisan about and non-ideological—a well-designed program from a policy perspective.

**The Vice-Chair (Ms. Jinny Jogindera Sims):** Thank you very much.

I'm now going to move to Mr. Maguire.

**Mr. Larry Maguire:** Thank you, Madam Chair, and thanks to our presenters here this morning as well.

One of the things that I wrote down when Mr. Brazeau was done speaking here this morning in the previous panel was that young people are being attracted to places where there are no jobs. The words I wrote down are "better communications". You've indicated, Mr. Mendelson, in your comments about how that should be done in real time. I couldn't agree more on how to set that kind of a program up. Have you looked at what else can be expanded with today's technology, and could you elaborate on that a little more? I think it's a very important point to the question about mobility that I asked earlier.

I have another question on the comments you just made about the training. I will perhaps ask both members to make a comment on how to improve that communication package.

**Mr. Michael Mendelson:** Yes, I think it's critically important. I'm not an expert on that use of technology, but I know this: we're not going to get from where we are today to where we ought to be unless there's some leadership and somebody decides to undertake that task. People made fun of the federal government for using Kijiji, but there's a core of sense in that, which is that's the way labour market information is going to be available.

The problem is that it's not a coherent use of it, I would say, because Kijiji has various problems with how people take out the jobs once they're filled and once they're no longer available, and whether they ever really were available, etc. The central concept that if you could capture the administrative data, if firms do report their job openings in a coherent way, and you can capture that administrative data, then there it is in real time. You can assemble big data, if I can call it that, about where vacancies are in Canada.

There's a core concept there, but it would take a lot of work and time. I urge the federal government to do what it can in that regard, because that's something that the federal government only, in my view, could do and do well. It will take an investment. It will take time. It will probably be a screw-up for the first, you know, seven months or so because that's the way these projects work. But then it could be very meaningful and we could be a leader among countries. I'm told the Nordic countries are going in that direction. I don't know much about it.

• (1025)

**Mr. Larry Maguire:** Thanks.

**Mr. Kim Allen:** I'd offer the comment that I think we need to deal with the micro and the macro. The job posting that's in there deals with today and the immediate, which I think is helpful. For the whole long-term training strategy, you need to be thinking about what those things are five to ten years down the road. I think you need both. I don't think either one standing alone will do it. I think you need both so that young people today are thinking it's important to them to get a job, but overall we need to get some type of better sense on how many we need in that broader, whole quantity of the number of positions.

Also, I think it's important that we say not only here are some of the jobs but that we also identify where they are. That's a huge issue too because we've got lots of different people and there's a mismatch of the willingness to move to those types of places as opposed to...

**Mr. Larry Maguire:** Universities have postings and job placements and that sort of thing all across the country. People in universities can go to look at them. People in training schools and our community colleges can look at those. Is there any point in putting this into guidance counselling programs in high schools and that sort of thing as well so that some of our graduates there are more familiar with what might be available to them in other parts of Canada? I say so because our youth are the most mobile part of the workforce.

**Mr. Kim Allen:** Our career-focused tool is one of the things we're trying to do. It's an online type of tool that helps people look at the 85-odd behavioural traits of where their best match is and where their best skills are. My belief is that if you can get people who are very passionate about what they want to do, they'll move to where that place is. If it's just a job, then they're probably going to say that location is more important than the job. But if they find it's a passion for them, put it in there.

We're trying to unleash that passion in the youth so that when they do study, they'll find the career they actually do want to go into, and then they'll have to go where that career will take them.

**The Vice-Chair (Ms. Jinny Jogindera Sims):** Thank you very much. Your time is up.

We will now go over to Mr. Brahmi.

[*Translation*]

**Mr. Tarik Brahmi:** Thank you, Madam Chair.

I want to respond to what you said, Mr. Mendelson.

I don't think I'm quite as optimistic as you are. I don't think it's possible to set up a data system like the one you described in seven months.

I say that because the problems the Quebec government had when setting up its health records program come to mind. The system cost hundreds of millions of dollars and still isn't reliable. So I would have to put a bit of a damper on your enthusiasm because I doubt a system of that nature could be put in place in the short timeframe you referred to.

Would you like to respond to that?

[*English*]

**Mr. Michael Mendelson:** Health files are notoriously complicated, by the way. Of all the records and systems we have, they are among the most challenging and difficult.

I used the seven months. I was just talking. I wasn't very—

**Mr. Tarik Brahmi:** Yes, maybe.

**Mr. Michael Mendelson:** It's a long-term project.

I have a broader point, sir. This is that the concept of survey data, where you survey annually and you get your report and then you assemble the data and it takes a year and a half, is the way of the past. The way of the future is to do what the whole of the private sector is doing, which is to assemble the administrative data and use that data as your source of information.

It seems to me there will be, and is, a way to do that for labour market information. As to how you go about doing that, as I said, I'm not the expert, but I know we won't get there...

I will confidently predict that 20 years from now we will be there.

[*Translation*]

**Mr. Tarik Brahmi:** I have to cut you off there, as we are short on time.

You said the federal government should give the provinces more freedom and latitude when it comes to managing LMDA funding.

Isn't there a risk in doing that? This might be more of a problem for eastern Canada, including Quebec, because of the reality there, but some provinces could pay to train workers who then leave the province to work out west. They don't return to eastern Canada until they've completed their careers and it's time to retire, so provinces that didn't foot the training bill will reap these workers' professional contributions. Isn't there a risk, then, of an imbalance in that regard?

That is an issue that comes up mostly in the eastern provinces and Quebec.

•(1030)

[English]

**Mr. Michael Mendelson:** Some might see it as a risk; others would see it as a benefit. One of the paradoxes of the labour market is that labour supply is local, and labour demand is national or international. How you marry those two is difficult, but I would say that one of the benefits of the LMDAs would be in training people who could move to the place where the jobs are if it is not possible to create jobs where the people are. We know it isn't. We know, unfortunately, that there is disruption. People do have to move from time to time.

You're asking a really difficult question. It's a very difficult proposition, and it's one that governments all over struggle with, and I do myself.

[Translation]

**Mr. Tarik Brahmī:** That's fine.

Mr. Allen, I'd like to talk to you about immigrants who are engineers. I was an engineer in Europe for about 15 years, and I went through the Ordre des ingénieurs du Québec's certification process.

In your view, what could we take from the funds currently being collected for EI to help people who don't necessarily meet the 360-hour requirement? How would you propose incorporating immigrant engineers into that process?

[English]

**The Vice-Chair (Ms. Jinny Jogindera Sims):** Thank you. I feel bad, but you are over your time—

[Translation]

**Mr. Tarik Brahmī:** Fine.

[English]

**The Vice-Chair (Ms. Jinny Jogindera Sims):** —so I'm hoping that you'll get a chance to respond as we go on.

I'm going to go over to Mr. Butt.

**Mr. Brad Butt:** Let him answer. He can take a minute of my time to answer and I'll take four minutes.

**The Vice-Chair (Ms. Jinny Jogindera Sims):** I need unanimous consent.

**Mr. Brad Butt:** It's a good question so let him answer.

**The Vice-Chair (Ms. Jinny Jogindera Sims):** I need unanimous consent.

Oh it's your turn. Okay, that's fine.

**Mr. Brad Butt:** I know, but I'm saying that I will give up a minute of my time so that Mr. Allen can answer that question. I think it was an excellent question.

**The Vice-Chair (Ms. Jinny Jogindera Sims):** It was. Thank you.

**Mr. Kim Allen:** There are a number of programs that I think are often wider spread than those. The University of Manitoba and Ryerson and the University of Toronto now have programs where they work very closely with the regulator and assess the immigrant

engineer's skills, and if there are some gaps—and there are differences in engineering education around the world—in their education, they integrate them right into their undergraduate program and they can end up with a certificate and then meet the academic requirements.

So I think putting those types of programs in where they can actually get the training, where they are going and are getting the exact same training as the Canadian engineers are getting, is excellent.

They are funded. At Ryerson, for example, they have made it work so the Ontario government provides the same type of subsidy per Canadian going there, as they do for the immigrant per course, and the immigrant engineer would pay the same tuition fee per course as the Canadian one. So there's no subsidy.

By doing a certificate-type program they can also get into the student loan program, which actually helps them in there. Then as they end up with full employment, the whole system works well for them.

**Mr. Brad Butt:** Thank you very much.

I only have one question about data because we've heard a lot about data. I come from the property management business, the rental housing sector, before I got elected here. Most of the members that I represented participated twice a year in a rental market survey. The only way you could get good data on vacancy rates and rental rates was that the companies had to feed the data into the Canada Mortgage and Housing Corporation.

So my question for both of you is from the employer's side, are the engineering companies across Canada willing to participate in a program regularly? I don't think once a year is good enough; I think it's got to be done at least quarterly in my personal opinion. But if we create some sort of a program of labour market data so we're getting accurate data on an ongoing basis, are employers going to participate?

Second, Mr. Mendelson, because you have quite a bit of experience in this, what model do you see working where the employers are going to bring that data in on jobs that are available and trends in the market? Can we come up with something that's relatively quick and electronic that can aggregate the data together and get these reports out on a timely basis? Is there software out there or other types of programs that you might be aware of that could do that?

That's my only question, Madam Chair.

•(1035)

**Mr. Kim Allen:** If you look at your experience with the rental markets, why did those work? It's because people wanted the information. It was timely, accurate, and useful. Our current labour market doesn't get many of those ticks as you go along with it. Employers would be willing to participate—certainly the engineering employers—if you've got that same type of information that it was very timely, accurate, and useful to them. You will increase that whole participation in it.

I think that's really the type of model to consider. If you look at those types of systems that provide us regular feedback on other sectors of the economy and how those work, I think those are the types of systems we should modelling our labour market on, so that you get that information.

**Mr. Michael Mendelson:** I'm going to be a little abstract. The administrative data is data that is required for administrative purposes. In other words, you can't go on and do whatever it is you wanted to do unless you supply that data. The trick in developing a labour market information system that's in real time is to incorporate the information that's needed into the administrative data that is supplied regularly as people go about their daily work. Then you find a way to analyze and aggregate that data, most of which can happen automatically.

These are multi-billion dollar firms that are growing today right across the world whose job is to do exactly this task. What I'm suggesting is that we have a pressing need in the public sector and we need to bring the same kind of intelligence and investment to that task.

Actually the housing sector is a fairly interesting sector, because one of the things we don't have in the housing sector is a good price index, as you probably know better than I do.

So there is a job there. I would say the first step is to recognize that this is the job and to start undertaking it.

**The Vice-Chair (Ms. Jinny Jogindera Sims):** Thank you very much.

You have 10 seconds.

We'll now go back to Madame Groguhé.

[*Translation*]

**Mrs. Sadia Groguhé:** Thank you, Madam Chair.

Mr. Mendelson, you brought up Kijiji. It is clear to us that it doesn't provide reliable information. It can't, especially since information has a shelf life, even more so when you're talking about the labour market. The only way data can really be useful when it is needed is if it can be analyzed daily and subjected to the proper scrutiny. That was just a little sidebar.

You suggested that some of the EI surplus be used to build a new structure of skills development and training, the Canada Skills Grant.

Could you elaborate on that proposal?

[*English*]

**Mr. Michael Mendelson:** First of all, don't misunderstand what I said on the Kijiji data. I think it was really dumb to use that and really bad.

What I was saying is that there is a core idea in using it that does make sense, in that this is the way that labour market vacancies are being reported there consistently. We can look at the way of adapting that core idea to be more effective. I'm not saying that Kijiji is a good way of doing it, but there is something there to learn from.

The other issue was on EI. I've written a couple of papers on the Canada job grant controversy, and the one you're referring to is the second one, which I wrote with Howard Green, and with Mike Luff

from CLC. Our goal was to try to find a way to solve the incredible federal-provincial dispute over the Canada job grant, and the key seemed to be to find a way to pay for it other than taking the money out of what we saw and know to be pretty effective programs that the provinces were already offering. So we were robbing Peter to pay Paul, and it didn't seem a sensible way to increase skills. So we were hoping to be able to tap into some of the unused room in EI part II to more flexibly allow training.

I actually think, although I'm not clear on it, that some of the agreements with the provinces are doing that, or at least that's what they say they're doing. They say they're going to be using some of the funds or that the provinces will have the ability to tap some of the EI funds.

The second part of that was that you would have to increase the allocation of EI part II funds to training, so that you're not robbing Peter to pay Paul and taking more training money out. We're introducing a big, new training program called the Canada job grant and are trying to do it all from the existing pool of training money. It's inevitable that there are going to be other training programs cut. So the only way not to do that is to increase the amount.

Having said all of that—and I know that our time is short, so I feel constrained—there are real limitations to what you can do with the EI part II funds, and they are constitutional limitations. So it's quite difficult to use them flexibly. However, one of the suggestions was to go to a uniform 360 hours work contribution so that you'd expand the pool of people eligible for employment benefits under EI part II, and fiddle with the rules in that way. I think that might be possible.

• (1040)

[*Translation*]

**Mrs. Sadia Groguhé:** Okay. Very good.

[*English*]

**The Vice-Chair (Ms. Jinny Jogindera Sims):** You have 30 seconds.

[*Translation*]

**Mrs. Sadia Groguhé:** I want to revisit the importance of having access to sound data in real time.

You talked about the need for reliable statistical analysis. We also talked about reporting in terms of the merit and outcomes of the training programs put in place.

Could you comment briefly on that?

[*English*]

**Mr. Michael Mendelson:** It's important to recognize that you're not going to....

You know, if it's an experienced welder who needs a specialized welding course and does a three-week welding course to get his specialist training, that is going to be successful. But if it's a kid who dropped out of grade 11 and needs to get his GED, and he's been getting by on a few minimum-wage jobs here and there, you're going to have a hell of a lot more difficult task.

**The Vice-Chair (Ms. Jinny Jogindera Sims):** Thank you very much.

Mr. Allen and Mr. Mendelson, thank you for your presentations and for the very rich conversation with the parliamentarians. I have to explain to you that these times are negotiated ahead of time. We

try to stick to them as tightly as we can so that all parliamentarians get their fair share.

Thank you so much.

The meeting is adjourned.

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