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## **Including Canadians in the Knowledge Economy – Lessons From Five Years of Federal/Provincial/Territorial Cooperation**

**Ottawa** – Canadian governments have been intervening to help Canadians succeed in the job market for decades. Until recently, their efforts often overlapped and there was considerable jurisdictional tension.

In 1996, that changed. The new federal Employment Insurance Act allowed for handing over to the provinces and territories responsibility for programs funded by Employment Insurance revenues to help people return to work. The idea was to reduce duplication of effort, to take advantage of local knowledge of labour market conditions and to move the design and delivery of programs closer to those who needed them.

The first Labour Market Development Agreement, or LMDA, was signed by Ottawa and Alberta in December, 1996. Today, LMDAs cover every other province and territory except Ontario.

Alberta Human Resources and Employment asked CPRN to organize a conference earlier this year to take stock of the first five years of experience with LMDAs. Representatives from federal and provincial governments, the private sector and stakeholder organizations from across the country gathered in Edmonton in February to share experiences and ideas for more effective delivery of active labour market measures. Those exchanges are the subject of a new report from CPRN: *Shifting Roles: Active Labour Market Policy in Canada under the Labour Market Development Agreements*. The report is written by Harvey Lazar, Director of the Institute of Intergovernmental Relations at Queen's University.

“Our discussions suggest that the LMDAs have been a success, with some qualifications,” says Grant Schellenberg, Director of CPRN's Work Network.

“There's less federal/provincial tension over the labour market file, much less duplication of effort, as well as plenty of innovation in response to local labour market challenges.

“However, we also uncovered many areas that need more attention.”

Examples:

- The LMDAs are funded by the EI fund, but many of those most in need are not contributors and thus not eligible for support. These include new entrants to the job market, persons with disabilities, single parents, Aboriginal people and recent immigrants. To make matters worse, federal funding of programs for excluded groups has been cut in recent years.
- Systematic information sharing and evaluation of the LMDA experience is inadequate. It is difficult to judge conclusively what works and what doesn't.
- There is a need to avoid duplication of provincial efforts to develop the "infrastructure" for effective labour market measures – information systems, evaluation, occupational standards, training programs, techniques for assessing prior informal experience, recognition of foreign credentials, for example.
- Clarification is needed of the roles of federal and provincial governments with regard to intervention in the labour market.
- Federal spending on active labour market measures, as a share of Gross Domestic Product, fell over the past decade. Once an OECD leader, Canada has fallen to the middle of the pack or lower. This could spell problems for our competitiveness.

Schellenberg argues that attention to these issues and others could require additional investment by both public and private sectors. Improved evaluation will help determine the appropriate level and allocation of resources.

"What is clear," says Schellenberg, "is that this public policy focus on building our human capital at the local level is vital to our success in the global knowledge economy. It boosts economic productivity and improves the life opportunities of Canadians."

"This conference provided a valuable opportunity for sharing experiences and identifying issues. It's a good beginning, but there's plenty more to talk about."

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