



*Centre for the
Study of Living Standards
Centre d'étude des
niveaux de vie*

REPORT ON THE CSLS ROUNDTABLE

Creating a More Efficient Labour Market

**FEBRUARY 26-27, 2001
CHATEAU LAURIER, OTTAWA, ONTARIO
JUNE 2001**

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Report on the CSLS Roundtable on Creating a More Efficient Labour Market¹

Executive Summary

On February 26-27, 2001 at the request of Human Resources Development Canada, the Centre for the Study of Living Standards (CSLS) held an invitational stakeholder roundtable in Ottawa on the topic of creating a more efficient labour market. The specific objectives of the roundtable were to examine the recommendations of the Expert Panel on Skills report released in February 2000 and to gauge support for future action in the area of skills and learning.

This report is based on the stakeholder discussion at the Roundtable. All recommendations included in this report were proposed at the event. The report is organized around the four topics discussed at the Roundtable: ways to improve the effectiveness of sector councils; the role of the labour market information system in improving labour market efficiency; the effectiveness of immigration in meeting the current needs of the labour market; and the strengths and weaknesses of the Canadian apprenticeship system.

Key messages coming from stakeholders at the roundtable on the first topic addressed are that Canada's experiment with sector councils has been unique in the world, that the results have been positive, that the federal government should strongly support this initiative, and that provincial governments should take more interest in it. The report identifies a number of specific measures government could take to improve the effectiveness of sector councils. In particular, the federal government, in conjunction with the provinces, should make funds available to sector councils for the delivery of training programs; permit overhead costs to be deemed an allowable expense for sector council projects funded by the federal government; and allow greater flexibility in its accounting practices for sector councils. The federal government and provincial governments should give priority to streamlining and better coordinating their sector-specific active labour market initiatives.

On the second topic of labour market information (LMI), stakeholders recognized that Canada has one of the best LMI systems in the world but felt there are nevertheless

¹ This report was written by Professor Rodney Haddow of St. Francis Xavier University in close collaboration with CSLS Executive Director Andrew Sharpe. The Centre for the Study of Living Standards is publishing a companion document to this report. In addition to containing this report, the document contains the complete proceedings from the Roundtable, including the opening speech by the Honourable Jane Stewart, Minister of Human Resource Development; the remarks from the lead discussants; the ensuing discussion; and the remarks by the rapporteur Arthur Kroeger. It also includes a list of the roundtable participants and the biographical sketches of the lead speakers. This document is posted at www.csls.ca under Reports.

changes that could make the system more timely, accurate, relevant and accessible. In particular, a key priority for improvement is the provision of better information at the local level. Specific recommendations from the roundtable include the implementation of standards for guidance counsellors to ensure that they are able to provide adequate counselling on labour market opportunities; the development of a direct vacancy monitoring survey instrument to identify local labour market opportunities; the greater use of administrative data sources to improve the timeliness of labour market information; greater integration and linkages among existing data sources; and revision of Statistics Canada's cost-recovery pricing policy to make labour market information more affordable to Canadians.

Two distinct pictures of immigration emerged in the third roundtable session on immigration's role in meeting the needs of Canada's labour market. On the one hand, highly skilled immigrants are in short supply in some critical high technology industries while on the other hand, many less skilled immigrants are encountering more difficulty than in the past in adjusting to Canada's labour market. Different types of measures are needed to deal with these two realities. Recommendations regarding the former include greater use by the federal government of private sector expertise in the assessment of labour shortages for immigration purposes and an easing of the process required to bring temporary workers into Canada. Recommendations regarding the latter include greater use of Prior Learning Assessment and Recognition (PLAR) to assess the credentials of immigrants to facilitate their integration into the labour market and provision of adequate income support and programs to ensure that recent immigrants have ample opportunity to acquire the basic skills they need to succeed in the labour market.

The discussion in the final roundtable session on apprenticeship revealed a system that has much to contribute to the development of the skills of Canadians, but one that is not living up to its potential. The limited number of persons who complete apprenticeship programs, the failure of the apprenticeship model to move outside its tradition base in the construction trades, and the limited representation of women, aboriginals and visible minorities in apprenticeship programs were pointed to as weaknesses. The large differences in the effectiveness of the apprenticeship system among provinces, with Alberta appearing to have the strongest system, suggest that much can be learned from comparative analysis. A key factor in Alberta's success was the control the private sector exercises in the operation of the system. Specific recommendation to improve the effectiveness of the apprenticeship system include the implementation of modularization, the development of pre-apprenticeship programs in high schools, and greater use of laddering whereby qualifications acquired in apprenticeship courses can be used as credits for other post-secondary programs.

Report on the CSLS Roundtable on Creating a More Efficient Labour Market

This report is organized around the four topics discussed at the Roundtable: the possibilities for improving the effectiveness of sector councils; the role of the labour market information system in improving labour market efficiency; the effectiveness of immigration in meeting the current needs of the labour market; and the strengths and weaknesses of the Canadian apprenticeship system.

Improving the Effectiveness of Sector Councils

The federal government supports private sector-led councils that have a mandate to address human resource issues in a number of industry sectors. A few councils originated in the 1980s, and the model was extended more widely beginning in the early 1990s. These bodies develop “up side” training courses for existing and potential employees in their sector; identify “down side” adjustment opportunities for workers where downsizing has occurred; establish industry-wide skills standards; monitor existing skill levels in the sector; and try to anticipate future needs. For the most part, however, they do not themselves deliver training programs; this is usually done by public or private trainers or within firms. Sector councils have a small professional staff who are overseen by each council's private sector membership. This membership varies considerably from sector to sector. Where there is extensive unionization, employer and union representatives may share council seats on something close to equal terms; in other cases, employers or independent professionals hold most or all of these positions.

The federal government devolved important aspects of its active labour market programming to the provinces during the mid-1990s, especially in relation to training expenditures, but devolution was not extended to include responsibility for sector councils. These were defined as a “pan-Canadian” responsibility by the federal Human Resources Development Canada (HRDC) Department, and are therefore still actively supported by the federal government. Ottawa reaffirmed its commitment to sector councils in its October, 1999 Speech from the Throne. In the first half of 2000, a continuing important role for the councils was endorsed by the Expert Panel on Skills in *Stepping Up: Skills and Opportunities in the Knowledge Economy*, its report to the federal government.

Many public and private sector observers argue that sector councils have fulfilled a valuable function. They note their status as an intermediary institution between government and the private sector, able to improve skills within economic sectors more effectively than either of these could do on its own. Unlike government, sector councils can draw upon the unique advantages available to those directly involved in industrial settings in defining skills needs, which are now changing rapidly in many areas. On the other hand, sector councils also require that private sector actors partly suspend the competitive relationships that typically prevail among firms and between employers and employees, in order that they may cooperate in improving the quality of human capital across the entire industry sector. This strategy of cooperation has become potentially

more beneficial to the extent that domestic firms increasingly find their main competitors outside of our national borders. With the widespread continentalization of the Canadian economy in recent years, this trend is, in fact, evident in many areas.

There is good reason, then, to recommend that the federal government continue to support sector councils. But these bodies nevertheless have encountered obstacles in recent years; to optimize their effectiveness, these should be addressed. One concern raised by some sector council participants is a perceived incongruity between the effective functioning of these bodies as sector-wide institutions, on the one hand, and the broad thrust of the federal government's labour market policy since the mid-1990s on the other. The latter is widely seen as favouring a greater focus on the central role of individuals in making choices for themselves about what labour market opportunities to pursue, and what labour market benefits to use; in making these choices, individuals are, of course, expected to have access to accurate labour market information, and the federal government continues to see an important role for itself in this area (addressed in a separate section of this report).

This more individualist orientation is reflected in several recent federal initiatives. During the 1990s, the federal government abandoned its previous policy of purchasing blocks of seats in provincial training institutions, replacing this with measures that allocated funds directly to training recipients who could then purchase labour market services in a wide variety of settings. These might include innumerable private training schools, as well as community colleges. In provinces where Ottawa continues to play a role in dispensing training dollars, such as in Ontario, it still funds individual training decisions in this way. Under agreements with the provinces that accepted full devolution of training spending from Ottawa after 1995 similar arrangements have been put in place. Subsequent federal education initiatives also stressed individual choice. The Canada Education Savings Grant was created to help parents save money for their children's education, and education tax credits were made more generous. In its January 2001 throne speech, the federal government announced the creation of Registered Individual Learning Accounts; these will allow individuals to save money in a tax-sheltered account to finance their own further education. Each of these initiatives is designed to expand the demand for educational services while allowing individual beneficiaries wide latitude in identifying where to purchase these services.

Planning labour market initiatives at the sectoral level is made more complex in this environment. Many council administrators believe that they can project future human resource needs and develop training initiatives within their sector more effectively if they can anticipate with some confidence how many public training dollars will flow into their sector in the future, and in what institutions they will be expended. Without information on where training budgets will be expended, councils cannot be sure that sectoral labour market needs will be satisfied. Because the number of institutions eligible to receive public education and training monies is now very large, it is impossible for sector councils to monitor the quality of sector-relevant skills formation occurring in most of them, or to consult with many of them about planning and course development.

It is unlikely that the federal government will wish to abandon the broad thrust of its recent labour market policy development. Changes in this area were designed to help foster a more flexible, efficient and demand-sensitive market for skills in Canada. Previously, it was often feared that community colleges, which received the substantial majority of federal training expenditures until the mid-1980s, sometimes provided out-of-date and excessively expensive training. By permitting individuals to decide where to pursue training opportunities, and allowing funds to be expended in lower-cost alternatives, federal policy has been designed to alleviate this situation.

It should nevertheless be possible to preserve these features of federal policy while addressing the desire of sector councils for a more stable funding and institutional environment. For instance, the federal government should give careful consideration to making funds available to sector councils for the delivery of training programs. This would allow the councils to have direct control over enrolment in courses that they have designed, and to monitor training standards closely. Because Ottawa has transferred, or offered to transfer, most of its training expenditures to the provinces, such an initiative could be undertaken in conjunction with the provinces. The federal government might also consider providing additional funds to sector councils, on a project basis, to develop a delivery infrastructure; and it should ensure that skills imparted in these new sites are fully eligible for the federal education and training tax credits and exemptions previously described. An initiative of this type would also help sector councils address a second concern that now preoccupies them – their financial needs.

Until the mid-1990s, sector councils received operating grants from the federal government. This provided them with a stable budget; councils could obtain additional public monies on a project basis in exchange for developing new courses and performing their other responsibilities. While the councils still have access to this project-based support, Ottawa has restricted the availability of operating budget support since 1995. In general, this is now accessible only for a limited number of years after a sector council is created. Thereafter, councils are expected to support themselves by supplementing their public income with contributions from their private sector partners, by developing and marketing additional services for the private sector, etc.

From the government's viewpoint, this change reflected an important distinction between "public goods" and "private goods" in this policy field. The former refers to goods and services that benefit the Canadian economy or society as a whole, but that are unlikely to be furnished in an adequate supply by the market alone because market incentives do not provide private actors with sufficient incentive to produce that supply. Private goods are those that entirely benefit their private sector producers; these should therefore be supplied entirely by the latter without government support. While the federal government agrees that improving specific skills represents a public good in part, it also believes that sector-specific skills are a good the benefit of which accrues disproportionately to employers and employees within the sector: they earn higher profits and wages. The distinction between project funding, which Ottawa provides, and operating expenses, which it does not beyond the start-up period, attempts to reflect this

mixed situation; public money should be available to sector councils on a case by case basis, but a private contribution should also be required.

This change nevertheless has had some negative consequences for sector councils. Some have not survived this transition; when government support for their operating budgets was removed, they were unable to generate sufficient alternative sources of revenue. The number of sector councils has continued to grow since this revised funding policy was developed. There were 22 councils in February 1997; there are now 28. But four of the former no longer exist – those that served the automotive parts, electrical and electronic products, graphic arts and grocery producer sectors. Other sector councils are considered to be in danger of expiring in the foreseeable future. While a lack of operating grants from Ottawa may not alone have caused these developments, it is likely to have contributed. Of course, the demise of some sector councils, complemented by the emergence of new ones, is not necessarily a bad thing. Councils that perform their functions effectively will qualify for project assistance and generate additional revenues elsewhere; those that do not perform will likely be denied project funds, and should be allowed to expire. The federal government has stressed that it does not want to support sector councils unconditionally, and that it expects them to provide tangible benefits in exchange for receiving public funds.

Nevertheless, even the staff of councils that are widely considered to be successful have complained that the lack of operating budget support makes it more difficult for them to function effectively. One reason for this is that the funding policy change has sometimes forced them to market services outside of their sector, and outside of Canada, in order to generate additional market revenues. Councils are then diverted from their core responsibility and may, over time, dilute their sector-specific expertise and their capacity to serve their core client groups. Moreover, it may be quite difficult, in practice, to distinguish between public and private goods in the sector skills field; and the differentiation between project and operating funds may at best be a very imprecise proxy for this distinction.

In Quebec, which has developed its own sector committees, these bodies receive operating budget support permanently from the province. The federal government may, however, consider that adopting a similar policy is incompatible with its desire to expose sector councils to the need to perform to a high standard and to seek private sector support. In this case, an alternative policy would be to permit overhead costs to be deemed a permissible expense for sector council projects funded by the federal government. This innovation would reflect the reality that much of a council's core operation exists to support its capacity to complete projects that it has undertaken on a contract basis. Sector councils that compete successfully for project support enriched in this way would therefore be more secure financially. Those that perform poorly, and generate little project funding or additional private sector support, would still be exposed to the financial risks that are the consequence of their poor performance. It is hoped that the federal government would not allow internal regulatory constraints on funding to be obstacles to the development of more effective funding mechanisms for sectoral councils.

Some sector councils have raised another concern about their existing project-based arrangements with Ottawa. They believe that the accounting standards that they are held to are overly onerous, forcing them to document their expenditures minutely; this detracts from the time and energy available for developing sector skills, their core mandate. While the federal government cannot suspend its normal accountability standards in monitoring sector councils' contract compliance, it should nevertheless address this problem. If more flexible accounting practices are available that meet these standards fully, sector council effectiveness would be improved.

It is also worth considering whether the sector council model should be extended into sectors of the Canadian economy where it has not yet been applied. The Report of the Expert Panel of Skills proposed that the federal government pursue this course of action and encourage the development of councils where feasible. Increased financial support for overhead costs – either by extending the initial period during which a council's operating budget is supported by Ottawa or, as suggested previously, by permitting an overhead component to be included in project funding – could accelerate the emergence of new sector councils. The Expert Panel also noted that some sectors are inherently stronger than others because they include more large firms or are currently enjoying greater profitability; where this is not the case, the federal government may consider extending somewhat the generosity of this additional financial support.

One remaining concern is of particular importance for the future performance of sector councils: their relationship with provincial governments. The sector councils discussed here were created by the federal government, and what public funds they receive still mostly come from Ottawa. Rather than rely on these federally-sponsored councils, Quebec has decided to create its own network of sector committees; there are currently 26 of these, many in sectors that also host a federally-sponsored council. Other provinces have avoided creating sector councils, and grant to the federally-sponsored councils no special standing as representatives of sectoral interests or as a conduit for developing and delivering sectoral skills. The Ontario government has made it a priority to develop skills in important sectors of that province's economy, and to liaise with these actors in these sectors in doing this; but Ontario has not committed itself to using the federally-sponsored councils to achieve these goals.

It should be a priority for federal and provincial governments to better streamline and coordinate their sector-specific active labour market initiatives. Only if they do this will the expenditure of public monies have a maximum impact on the quantity and quality of skills in these key sectors. In Quebec, this objective may be pursued through heightened cooperation between federal sector councils and provincial sector committees. Elsewhere, it would be appropriate to address the concerns of relevant provinces about the functioning of specific existing sector councils. Hopefully, this would result in these councils becoming central clearinghouses for all publicly- and much privately-funded skills development for their sectors. Federal authorities and the sector councils themselves may have to show a heightened concern for provincial needs if this is to be accomplished. Provincial authorities, for their part, may wish to reassess their views of

sector councils and, where possible, share fiscal and administrative responsibility for them with Ottawa and the private sector.

Developing Better Labour Market Information

The collection and dissemination of information about labour market trends is of crucial importance for this market's effective performance. Because modern labour markets are large and complex, it is often very difficult for workers to identify good career opportunities for themselves, and for employers to identify appropriate employees. This can result in considerable inefficiencies, with workers being employed at tasks that are less productive (and remunerative) than they are capable of, and with firms failing to access an adequate supply of human capital.

Consequently, the federal government in Canada has long played a central role in conducting research on current labour market trends and in disseminating this information to workers and employers. Historically, these activities were central to its National Employment Service, as this emerged after World War Two, and supported the job search activities of the federal government's network of Canada Employment Centres (now called Human Resource Development Centres) across the country. Until recent years, finding employment or funding training for unemployed persons was the main preoccupation of this network. However, it is now widely believed that labour market information must also serve the needs of the employed and of those not currently in the labour force. With the rapid pace of technological change and the new skill sets workers need to cope with this change, learning is seen as a life-long preoccupation. The federal government conducts a number of surveys to collect information about labour market conditions. The most prominent of these is the Labour Force Survey, a national survey that provide detailed information on the characteristics of the Canadian labour force.

Provincial governments have not been as active in collecting and analysing labour market information. But Ottawa's 1996 decision to devolve responsibility for an important part of its active labour market programming (most of that part financed from the Employment Insurance account) means that the provinces will have a greater need for data of this type in the future. Consequently, it will now be particularly important that federal labour market data are gathered and made available to the provinces in a manner that they can use effectively, and that both levels of government attempt to develop common approaches to collecting and disseminating this data. This need for cooperation was acknowledged by both levels of government in the series of bilateral Labour Market Development Agreements (LMDAs) that Ottawa signed with all provinces and territories except Ontario during the late 1990s. These provided the framework for devolving the labour market measures previously mentioned to those provinces that wished to take up these responsibilities.

Overall, Canada is considered by many observers to have one of the best labour market information systems in the world. Nevertheless, there are many aspects of the system that should be improved upon. In the words of one participant in the Centre for the Study of Living Standards' Roundtable on Creating a More Efficient Labour Market,

“changes should be undertaken to make the system more timely, accurate, relevant and accessible.” The following discussion will first review possible improvements in the quality of data that is available from existing labour market research, then address changes that would improve the usefulness of this information, and finally consider steps that would increase the resources for analysing labour market data in Canada.

A primary concern regarding the first of these areas has been that the Labour Force Survey does not provide data that are detailed enough at the provincial, sub-provincial and sectoral levels because of the survey’s relatively small sample size. Yet for a number of reasons it is now essential that data be available at these levels. First, most job seekers are looking for work only within their own locale or within a particular region of a province. Similarly, employers can normally expect to find most new recruits from within this local and regional pool. Second, provincial and sub-provincial data is of particular value to provincial governments, especially in provinces where LMDAs conferred significant new responsibilities on them. These provinces are now taking on heightened responsibilities in providing employment services, including career counselling, to their residents. Finally, it has been proposed elsewhere in this report that sector councils continue to play an important labour market policy role. To do this effectively, they will need more accurate data than is now available about existing skill sets and hiring trends within their sectors. Currently, Statistics Canada has about 150 employees whose primary responsibility is to collect and analyse labour market information. If more disaggregated data are to be made available, additional resources may have to be devoted to this task.

One innovative attempt in the development of a framework for local labour market information has been made by the East Central Ontario Training Board.² It has recently produced a framework for a comprehensive local labour force and economic development information system. It consists of three mutually supporting pillars: a local analysis and forecasting model; a comprehensive employer database; and an employer outreach program. This framework may be of relevance to other local areas in their development of local labour market information.

Another deficiency of current labour market information in Canada is that it relies excessively on a relatively static occupational classification system, rather than attempting to measure skill sets, a more dynamic feature of the labour market. The Labour Force Survey and most other instruments used by the federal government, are based on the National Occupational Classification (NOC), which relies on occupational categories that are often defined quite generically. As was pointed out in *Stepping Up*, the report of the Expert Panel on Skills, this is an increasingly problematic approach to classifying work in today’s fast-changing labour market.

² See “Towards a Comprehensive, Local Labour Force and Economic Development Information System for Ontario, A Report on the Concepts and Methodologies of the *East Central Ontario Training Board Model*” prepared by Scott Lawson, Executive Director and Eric Bloom, Labour Market Analyst for the Ministry of Training, Colleges & Universities Community Relations Unit, August 2000 ([www: focusontraining.com](http://www.focusontraining.com)).

As an alternative, the panel recommended that categories focus more on the skill content required for different forms of employment. Skill requirements often change rapidly even in occupations whose title remains the same for lengthy periods. Consequently, the current occupation-based classification system frequently is of little use to counsellors or job seekers attempting to identify what is required to fill positions. This problem is particularly great in new economic sectors, such as the information technology field. The NOC has been updated only very slowly, making it of little use in these more dynamic sectors where, coincidentally, the need for accurate data is most compelling and where technical skills shortages often are acute. It should be noted, moreover, that non-technical skills, such as communication and managerial aptitudes, are also frequently identified as essential, even in technically advanced occupations. Based on these considerations, thought should be given to extensively revising the NOC framework. Human Resource Development Canada's recent Essential Skills Project represents a step in this direction in relation to scientific and technical occupations. This exercise should be continued and extended.

In some industry sectors, these deficiencies have resulted in the development of new classification systems designed to meet the specific labour market information needs of those sectors. This development is understandable, in light of the compelling problems faced by some new sectors in identifying skilled workers; but it has the undesirable effect of creating mutually incompatible labour market information systems in different areas of the economy. This problem is also now evident between federal and provincial labour market administrations. When LMDAs were being signed, federal and provincial governments undertook to develop data collection and reporting methods that were sufficiently comparable to permit an efficient exchange of information. The Forum of Labour Market Ministers (FLMM), which includes federal and provincial ministers in this field, has committed itself to maintaining and updating such a common framework. But follow-up reports on the LMDAs suggest that considerable work must still be done before this goal is accomplished. It would be much more efficient if all relevant actors in the labour market information field (federal and provincial governments, counsellors, and the private sector) used a common classificatory system. This would maximize the likelihood that information flows quickly and accurately among these actors. Therefore, federal and provincial governments should be encouraged to continue working towards compatible data collection and dissemination arrangements, and they should consult closely with the private sector in doing this. One possible model of private sector involvement is provided by the work of the Software Human Resource Council. Working cooperatively with HRDC, it is developing a new skills-focussed occupational classification for its sector.

Other steps could also be taken to improve the comprehensiveness of Canada's labour market information system. Statistics Canada's Help Wanted Index, while useful for tracking trends in labour demand at the national, provincial, and metropolitan levels, does not incorporate information from most new computer-based data sources. It is still largely based on newspaper advertisements. If this is not changed, the index will become increasingly anachronistic, and less useful for job seekers. A more comprehensive approach to identifying local employment opportunities would be to create a "direct

vacancy-monitoring survey” instrument. Adopting such a tool across the country would no doubt be expensive, but it would be of invaluable benefit to job seekers, their counsellors, and employers. Finally, the timeliness of data would be enhanced considerably if federal and provincial governments were willing to extract labour market information from the wealth of data that they already collect from Canadians for other purposes. This includes evidence from the income tax, employment insurance and social assistance systems. If this is done, however, it will be essential that existing technical barriers be overcome and that the public be assured that the data is being used in a manner that does not threaten the privacy of individuals.

Beyond these steps towards improving the quality of labour market information, there is also a need to make this data more accessible and useful for job and skill seekers. Many practitioners in the labour market field complain that although there is a wealth of data available, much of it is unintelligible or of little use to persons engaged in the practical task of seeking employment or attempting to identify a skill worth acquiring. The quality of guidance counsellors, the primary contact point that many people have with this data, raises concerns. There are no broadly acknowledged standards that counsellors must meet in Canada before assuming this position. Many may therefore lack a basic understanding of how labour markets work, of how to assess the potential value of acquiring a particular skill or pursuing a specific skill, and of how to advise specific individuals about pursuing opportunities. Federal and provincial governments should consider developing standards for counsellors to ensure that they are able to perform these tasks.

Some of the changes reviewed above would also help individuals identify opportunities. A more skills-focused employment classification system would alert job seekers more quickly to areas where they might be able to seek employment and to the aptitudes that they should acquire if they hope to be hired in these positions. Much labour market information is not now presented to the public in a manner that makes it readily digestible.

A final area of concern regarding accessibility is that although there are many sources of labour market information in Canada – by one count, approximately 3000 – these are poorly integrated. Job seekers familiar with some of these are often unaware of, or cannot gain access to, others. The concept of a “single window” labour market information system has been proposed as a solution to this problem, i.e. a single, integrated nation-wide source of information for the public about jobs and skills. Some commentators have expressed skepticism that such a system could ever be constructed, or is even desirable. Nevertheless, most agree that there is a compelling need for much greater integration among the existing data sources than now exists. HRDC has already taken some steps to help inform the public about some of these sources. It recently published a document entitled *100 Top Internet Sites for Learning and Employment*, a useful compendium of information about job and training opportunities; this was circulated in major national newspapers. There is also considerable potential for further integration of computer-based data sources, which can provide links to related sources,

etc. Even if a single, fully-integrated system is impossible, governmental and private sector actors at all levels should strive to create much stronger links among data sources.

The third broad area of concern regarding labour market information addresses the supply of analytical resources available for use in this field. As was noted above, while Statistics Canada leads the way in this domain, its senior officials acknowledge that its resources are modest. The report of the Export Panel on Skills recommended that these resources be expanded, and that the department host a new Centre for Labour Market Statistics. This body would have increased resources for labour market data analysis; it would work cooperatively with the provinces to improve this analytical work and, in particular, to develop the improvements in labour market categorizations that were alluded to previously. Both levels of government should attempt to allocate more resources to labour market research where possible.

A large number of roundtable participants criticized the current pricing policy of Statistics Canada for labour market information. Unlike many national statistical agencies, Statistics Canada does not provide labour market information without charge on its website and charges high prices for its publications. This is a major barrier to the use of existing data for many. Participants strongly recommended that the federal government ask Statistics Canada to revisit its pricing policy with the objective of making labour market information more affordable.

The Role of Immigration in Meeting the Needs of the Labour Market

Canada has always relied heavily on immigration to provide itself with a substantial pool of skilled workers. John Porter documented this pattern in his 1960s study *The Vertical Mosaic*. In recognition of this connection, for many years the federal government housed its main labour market and immigration bureaus in the same department, Employment and Immigration Canada. While they are now separate, HRDC, which now administers employment programs, continues to play a role in immigration issues.

Porter's analysis continues to be relevant today, particularly because native-born Canadians represent a shrinking pool of potential labour market recruits because of the country's low birth rate. Between 1991 and 1996, persons born outside of Canada accounted for fully 71 per cent of net growth in Canada's labour force. The figure was lower in such highly skilled fields as computer engineering and programming, and systems analysis; but at approximately 30 per cent, immigrants accounted for a significant component of employment growth in these areas as well. As Canada's population ages, its labour market participation rate would fall precipitously during the next twenty-five years without immigration. The current rate of immigration, if continued, will dampen, but by no means eliminate, this decline. Immigrants to Canada are quite competitive with native-born Canadians in their level of education. Recent immigrants are more likely than a comparable cohort of native born persons to hold a university degree.

It should be noted, however, that most immigrants to Canada are not selected primarily because of their skills. The economic category of immigrants, chosen for their skills, has grown significantly as a share of all immigrants to Canada since 1980. The combined total of immigrants from the other broad categories – family class and refugees – has, by contrast, largely stagnated in numerical terms since 1980. Nevertheless, economic immigrants continue to make up only about 25 per cent of the total. Skill levels are often much lower among family class immigrants and refugees, as is the likelihood that these individuals will enter and remain in the labour force.

Until the 1990s, it was possible to paint a generally optimistic picture of the lives of immigrants once they came to Canada. While earning less than the Canadian average when they arrived, their relative earnings rose rapidly subsequently. After a decade or so, their earnings caught up to, or exceeded, those of native-born Canadians. During the 1990s, however, immigrants did not do as well. The earnings of immigrants one year after arriving in the country declined in relation to the Canadian average throughout that decade. While economic immigrants continued to do better than the other categories of immigrants, their performance also worsened. Indeed, between 1980 and 1996, economic category immigrants went from earning incomes significantly above the national average (more than \$5,000 higher in 1999 dollars) in 1980, to earning about \$7,000 below that average in 1996. At the same time, many sectors of the Canadian economy that require highly skilled workers continued to experience chronic shortages throughout the decade; and firms in these sectors complained that Canada's immigration law and practices make it very difficult to attract qualified foreign workers to fill positions.

In light of this very mixed profile, it is likely that two quite different pictures exist for immigrants in Canada's contemporary labour market, and that these require distinctive policy responses. On the one hand, highly skilled immigrants are in short supply in some critical high technology sectors of the Canadian economy; while on the other hand, many less skilled immigrants are encountering more difficulty adjusting to Canada's labour market than in the past.

Regarding the former problem, many close observers of immigration administration complain that it is difficult to bring highly skilled foreign workers into the country. Particular problems appear to exist in respect of Canada's temporary foreign worker program, which is designed to allow non-Canadians to enter the country quickly and for relatively brief periods to take up employment in areas where shortages exist. Immigration lawyers who specialize in this field, and business observers, contend that it is relatively difficult, and slow, to get workers into Canada using this program. Many of Canada's economic competitors have more flexible rules; consequently, they allege that Canada often loses the opportunity to obtain the services of these valuable workers.

Citizenship & Immigration Canada certainly must screen persons entering Canada, including those seeking entry under the Temporary Foreign Workers Program, to ensure that they comply with health and security standards. Where employers have already identified a worker as possessing skills that they need, it may be appropriate for Citizenship and Immigration Canada to relax its own assessment of whether the worker's

skills are required in Canada. It is likely that employers, who often identify such workers at considerable expense to themselves, are able to assess this matter accurately. Ottawa should also consider taking other steps to ease the process required to bring a temporary worker into Canada, although such a move must not neglect to consider that Canadian workers have a right to a certain level of protection from foreign workers willing to accept lower wages. If other developed nations have adopted faster procedures that do not jeopardize fundamental health and safety objectives, and do not significantly undercut the wages of Canadian workers, the federal government should consider adopting similar measures here.

Apprehension has been expressed about the fact that the processing of permanent economic immigrants has also slowed in recent years. One possible cause of these increased delays is that the number of overseas immigration officials was cut during the 1990s as part of the federal government's Program Review. If this is true, the federal government should consider increasing Citizenship & Immigration's overseas immigration staff. Otherwise, it should take whatever steps are necessary to speed the processing of skilled immigrants.

In identifying and processing skilled workers, temporary or permanent, the federal government should work closely with Canada's private sector, which is well positioned to identify areas of skills shortage and to evaluate the merit of individual applicants. A very promising model regarding temporary workers was developed in recent years by the Software Human Resource Council and is worth emulating. This sector council used the expertise of its private sector membership to ascertain areas of significant labour shortage in the software industry. It then developed a pilot project designed to identify foreign individuals who possessed these skills and to find Canadian companies willing to sponsor them. Over a twenty-month period, some 4,000 workers entered Canada under this arrangement; over half of these were able to work in Canada within one week of an initial application. The federal government should consider applying the lessons of this pilot project more generally, by requesting that sector councils in other areas that are experiencing skills shortages sponsor similar initiatives. Closer consultation with private sector representatives may also help Citizenship and Immigration to expedite the identification and processing of permanent economic immigrants to Canada.

In *Stepping Up*, the Expert Panel on Skills recommended other steps that the federal government should consider taking in order to enhance the quality of skilled immigrants in Canada. At present, foreign students who study at a Canadian university typically must leave the country and apply for permanent resident status in Canada from abroad, if they wish to work in Canada after completing their program. Australia has created a "rapid conversion" process that allows these students to apply for permanent status from within the country. Canada should consider adopting a similar practice. Currently, most foreign graduates leave the country and do not return; the proportion of these who stay may increase if a rapid conversion policy is adopted.

The Expert Panel's report also proposed the abandonment of the current immigration rule that stipulates that academic postings at Canadian universities must be

advertised to Canadian applicants first, before foreign candidates can be considered. In scientific and technical areas where the pool of highly qualified candidates is modest, the federal government may wish to consider abandoning this policy. The initial purpose of this rule when it was created in the 1970s was to ensure that a majority of academic positions in Canada were held by Canadians. This goal has been accomplished.

A second set of policy concerns pertain to immigrants who do not possess skills that are in high demand in the Canadian labour market. As was previously noted, immigrants to Canada in general experienced worsening labour market outcomes, in relation to the Canadian average, during the 1990s. Macro-economic conditions during the early- and mid-1990s, including slow growth and a persistently high unemployment rate no doubt contributed to this pattern. But other factors were also at work. There is evidence that this deterioration was felt disproportionately by immigrants with few skills. Although economic immigrants are more likely than others to enter the labour market, persons whose entry to Canada was based on considerations other than skills (dependents of economic migrants, as well as family class immigrants and refugees) made up 57 per cent of immigrants who intended to work in Canada in 2000.

The earnings of these categories of immigrants were far below those of economic immigrants. In 1996, non-economic immigrants earned approximately \$13,000 per year (in 1999 dollars), compared with almost \$23,000 for economic immigrants. Immigrants from Africa, eastern and southern Europe and east and south-east Asia also earned far less than did migrants from the United States and northern and western Europe in the mid-1990s. An important cause of this difference is the level of education attained by these different groups. While less than 7 per cent of immigrants from the U.S. and northern and western Europe benefited from less than ten years of education in 1992, this proportion was much higher for the other areas previously mentioned, ranging from about 17 per cent for African immigrants to almost 25 per cent for those from east and south-east Asia. But education levels do not account for all of the substantial differences in income that exist for immigrants from these different groups of nations. University-educated immigrants from the U.S. and northern and western Europe earn considerably more than do university-educated persons from the other areas previously identified. This suggests that factors other than education levels account to a significant degree for the lower incomes experienced by the latter group: their credentials are not accepted as readily, and they are subject to discrimination. They are also less likely to benefit from the informal networks that can help immigrants establish themselves in a new country.

A number of initiatives are worth considering to improve the above patterns. First, many immigrants, especially non-economic ones, may need assistance in acquiring basic skills. These include an adequate working knowledge of English or French (many family class immigrants and refugees lack this), completion of secondary school education and familiarity with work practices that are typical in the Canadian labour market. Particular steps may have to be taken to attract immigrants to many areas of skills training that traditionally have not been open to them. For instance, immigrants historically have been under-represented in apprenticeship programs. British Columbia's Industry Training and

Apprenticeship Commission (ITAC) has taken steps to attract more new Canadians to apprenticeable trades. These efforts should be reinforced and emulated elsewhere.

However, since even university-educated immigrants from non-traditional nations experience difficulty finding adequately remunerative employment, these steps alone probably will not suffice. Prior Learning Assessment and Recognition (PLAR) may provide an effective means for qualified immigrants to receive proper credit for their skills in the Canadian labour market. Many professional certification bodies in Canada have been reluctant to accept foreign credentials, especially if these were earned in less developed nations. Similarly, university degrees earned in these countries are often not considered to be equal in value to those earned in North America or Western Europe. PLAR could be used to review foreign credentials carefully and, where appropriate, officially recognize that these foreign credentials are equal in value to those earned in Canada. The Province of Ontario has taken an important step in this direction by offering PLAR to recent immigrants to the province. Since this arrangement is voluntary (professional certification authorities are not obliged to accept this credentialing), the private sector will also have to cooperate if recent immigrants are to receive full value for their skills. The federal government should encourage much wider use of PLAR by the provinces and the private sector.

Finally, it is hard to escape the conclusion that discrimination continues to impede the ability of many new Canadians to gain satisfactory employment. As the data previously reported clearly indicates, African and Asian immigrants, most of whom belong to visible minorities when they arrive in Canada, fare much worse on average than do their American and northern and western European counterparts; this is true even when university graduates alone are considered. Governments will have to continue using publicity to overcome the effects of bias and to enforce effective and reasonable legal remedies to dissuade discriminatory practices.

Making the Apprenticeship System More Effective

Apprenticeship has long been an important component of labour market policy in all Canadian provinces. Apprentices receive training in two venues: on-the-job (usually about 80 per cent of an apprenticeship is completed here) under the supervision of a journeyman, and in a classroom (usually a community college), where technical skills are acquired. An apprenticeship typically requires between three and five years to complete. Apprenticeship is administered by the provincial governments. But the private sector is involved in advising government about the content of an apprenticeship, and in setting the examinations that apprentices must pass to receive certification.

To facilitate inter-provincial labour mobility it has been necessary for provinces to cooperate in an Interprovincial Standards Program (commonly called the “Red Seal program”) to create common occupational standards for apprenticeships across the country. This undertaking is overseen by a Canadian Council of Directors of Apprenticeship (CCDA), which includes federal representatives. Forty-four apprenticeable trades are now designated as Red Seal trades. Private sector

representatives designated by each of the provinces participate in this standards-setting process. Besides its involvement with the CCDA, the federal government also sponsors an advisory Canadian Apprenticeship Forum. Ottawa also plays an important role in funding the classroom component of apprenticeships. Apprentices qualify for Employment Insurance while receiving this instruction.

To a degree, apprenticeship, like the sector councils previously discussed, fills an intermediate position between government and the private sector. Unlike the former, it permits training recipients to benefit from hands-on knowledge acquired at the work site, obviating the often-noted problem that graduates from public training institutions have trouble adapting their knowledge to the “real world”. In comparison with individual private firms acting alone, apprenticeship provides skills that are portable and of recognizable high quality; they are likely to be of enduring value to employers, workers and the economy in general. For these reasons, apprenticeship continues to be seen by most informed observers as a valuable part of Canada’s active labour market infrastructure.

Nevertheless, the apprenticeship model is now encountering some difficulty; there is evidence that it does not contribute as much as it could to Canada’s stock of human capital. The most visible evidence of this is that the number of participants in apprenticeship, and the number of those who complete their certification, has been declining for a number of years in most provinces. For each of these measures, 1991 was a high watermark. According to data compiled by Statistics Canada from administrative records maintained by the provinces, between 1991 and 1998 enrolment in apprenticeship across the country declined from 192,963 to 177,741; the number of completions fell from 19,724 to 16,476 during the same period. Meanwhile, Canada’s economy continues to grow, and the need for skills of the type provided by apprenticeship has likely been rising.

Moreover, apprenticeship model has been very slow to move beyond its traditional home – especially in the construction trades – to the occupations in rapidly growing technology-intensive industries, particularly in the service sector. There is good reason to believe that many of these newer industries could also hope to benefit from acquiring a stock of workers whose skills reflect a blend of on-the-job and technical and theoretical training. It should be noted, however, that apprenticeship is much more extensively used in some provinces than in others. Alberta stands out in this respect. In 1998, it was home to over 21 per cent of all apprenticeship participants, while its population is just over 9 per cent of that of the country.

More grounds for apprehension are provided by statistics on completion rates. Although the data may not be conclusive, it would appear that apprentices are only about half as likely to complete their program compared to individuals who enrol in a community college diploma program or who seek a university degree. Moreover, the ratio of those completing an apprenticeship to those enrolled in one has been falling since at least the late 1970s. The demographic makeup of the apprenticeship population also

causes concerns. Women, Aboriginals and visible minorities are substantially under-represented among apprentices.

Many of the possible remedies for the above problems would have to be implemented by provincial apprenticeship authorities, working in conjunction with the private sector. Nevertheless, the federal government can also play an important role. This could be done by addressing concerns, discussed below, about some provisions of the Employment Insurance system and about features of federal tax law that affect apprenticeship. But Ottawa can also play a broader role in assisting the provinces to address other problems; this can be done through its participation on the CCDA, by encouraging nation-wide discussion of apprenticeship problems by the Canadian Apprenticeship Forum and, perhaps, by sponsoring and disseminating the results of research on “best practices” in apprenticeship in Canada and abroad.

According to many informed observers, a persistently negative perception of apprenticeship in Canadian society is a major cause of stagnant participation rates. Potential apprentices, and their parents, tend to see a university education as much preferable, as it is likely to lead to careers in white collar and professional settings. Apprenticeship, by contrast, typically is associated with blue-collar employment that is perceived to have a lower status. Only a concerted effort by all levels of government, and by the educational system, will have much prospect of addressing this negative perception. A public relations effort designed to do this nevertheless is advisable; such a campaign could point out to Canadians, among other things, that starting salaries for many who complete apprenticeships are quite high, and that long-term career prospects are very good. Greater use of “laddering” could also be of use in changing these old and negative stereotypes. In some European countries, for instance, it is possible to use qualifications acquired in an apprenticeship program as credits towards completion of a subsequent university degree. Steps in this direction would necessitate much greater cooperation between community colleges and universities than is now typical; provincial authorities may wish to encourage this.

Cultural attitudes could also be altered if young people have an opportunity to be exposed to pre-apprenticeship programs in high school. These are already available in some provinces, and should be extended. It is important, moreover, that such programs not be used in high school as a kind of “lower stream” for less able students. Doing this only serves to reinforce the stereotypes noted above. Moreover, the skill level required in many apprenticeable trades is now rising rapidly. In order to ensure that future apprentices have appropriate preparation in mathematics and science, pre-apprenticeship education must maintain high standards and attract solidly qualified students.

It is also essential that community colleges be compensated adequately for the technical training that they provide to apprentices. In some jurisdictions, apprenticeship training programs are operated by colleges at a financial loss.

Sustaining interest in apprenticeship within the business community will require that individual programs be subject to constant review to ensure that they are meeting

labour market needs. The provincial apprenticeship authorities and the federal government should use the Canadian Council of Directors of Apprenticeship to ensure that occupational standards for each trade continue to be maintained. In so doing, they should bear in mind the recommendations of the Report of the Expert Panel on Skills. The Panel stressed that many Canadians enter the workforce with insufficient “soft” skills, i.e., an inability to deal effectively with clients, work in teams or use problem-solving skills in practical settings. Apprenticeship should afford its participants the opportunity to hone these aptitudes, as well as the “hard” skills required to complete particular specialized tasks.

Other possible lessons about how to improve participation rates may be available from a closer examination of Alberta’s relative success in this respect. Administrators in that province stress that they have stimulated greater demand for apprenticeship among employers by giving them greater control over programs. How this has been accomplished, and how the supply of apprentices has also been maintained at a more robust level than in other provinces, is worth closer examination by governments elsewhere.

The federal government should consider a number of specific program adjustments that would make apprenticeship more appealing. From 1992 to 1996, apprentices entering the institutional component of their studies, unlike other EI claimants, were not subject to a two-week waiting period when first registering for Employment Insurance benefits. They now are, which contributes to the significant financial sacrifice that they face while participating in apprenticeship. Provincial authorities also complain that Employment Insurance cheques are often quite late in reaching claimants, which aggravates this hardship. Adjustments in federal tax policy could also be of some assistance. In particular, Ottawa should consider granting tax-free status to the often quite expensive tools that apprentices must purchase at the beginning of their training, and to exempting apprentices who are in receipt of Employment Insurance benefits from paying income tax.

These measures would also encourage apprentices to remain registered until they complete their program. Other steps could also promote this goal. Some apprenticeships apparently are interrupted because the apprentice loses his job before the course of study is completed. Provincial authorities in Ontario hope to address this problem for some apprentices by setting up local apprenticeship committees, consisting of local firms, who assume the role of “virtual employer” for apprentices until they have completed their certification. Some labour unions have experimented with similar initiatives. This option should be considered for adoption in all jurisdictions.

To reduce the number of apprenticeships terminated because of job loss, careful consideration should also be given to the possibility that some apprentices may be taken on by firms only because of unusually robust demand during a peak in the business cycle. In these cases, completion of the apprenticeship would, in any case, result in a surplus of certified tradesmen during more normal economic times. To address this problem, provincial authorities may wish to discourage new enrolments in particular

apprenticeships if there appears to be no longer-term need for additional tradespeople in specific occupations.

The issue of completion rates raises other questions. In trades that do not require compulsory certification, work is often plentiful for tradespersons who have not completed their apprenticeship. It may be impossible, and unnecessary, for governments to attempt to discourage these voluntary terminations. However, greater use of modularization in the apprenticeship system would address the unfortunate fact that such apprenticeship “drop-outs” now receive no recognition for those parts of their course that were completed. Modularization permits apprentices to receive accreditation in stages; apprentices still have a strong incentive to complete the course of study (to receive full certification), but will have acquired intermediate credential recognition if they leave part way through.

In considering the fostering of apprenticeship programs outside of the industries in which they have traditionally been used, one should bear in mind that this model of training may not be suitable in all sectors of the economy. Nevertheless, if public authorities conceive of apprenticeship flexibly, and if the private sector is given the lead role in adapting it to new sectors, the model may have very wide applicability. Recent developments in the software sector are instructive in this respect. The Software Human Resource Council, a sector council, is now developing an apprenticeship program in conjunction with British Columbia’s ITAC. Each of these bodies is overseen by private sector actors, who are developing a highly flexible apprenticeship model, which is necessary in a sector that experiences constant and rapid change in the skills required of employees. By allowing the software sector to proceed in this way, the BC government has alleviated initial suspicions in the sector that apprenticeship was inapplicable there. These apprehensions reflected the private sector’s knowledge that apprenticeship would have to look very different in the software sector than it does in most construction trades if it is to succeed there.

Other modifications in the traditional apprenticeship model might also help it develop in new sectors. At present, apprentices usually need to be away from the work site for fairly long periods of time (called “block release”) to complete the classroom component of their studies. This is often inconvenient for employers and impractical, as well as costly, for apprentices. Adjusting programs to permit apprentices to be away from work more frequently but for shorter periods would alleviate this problem. If this is done, the federal government should then consider finding new ways to fund apprentices because now study periods would often be too short to permit apprentices to make full use of Employment Insurance benefits. It is also sometimes impractical for apprentices to attend colleges far from home to receive their classroom instruction. The technologies are now available to permit greater use of distance learning as a substitute for classroom instruction in completing the technical training component of an apprenticeship.

A concerted effort will be required on the part of the private sector and governments to attract and retain more apprentices from among women, visible minorities and Aboriginal people. Here too, addressing enduring public attitudes will be a

crucial issue. Pre-apprenticeship programs, and government public relations efforts, should highlight the past success in the trades of women as well as men, and of people from a wide range of backgrounds. Flexibility in designing apprenticeships would again be an asset in reaching some under-represented populations. In British Columbia, for instance, it was discovered that the relatively specialized nature of most apprenticeship programs in the construction trades largely precluded on-reserve Aboriginals from participating in them. There is rarely enough work on reserves for tradespeople with a specialization in one of these trades. Consequently, ITAC designed a new Building Maintenance Worker (BMW) apprenticeship that includes elements from a number of different construction trades. Some concern was raised about the possible “watering down” of the traditional trades that might be implied by this model; nevertheless, ITAC was able to develop a design for the BMW apprenticeship that addressed these concerns.

Greater use of Prior Learning Assessment and Recognition (PLAR) could also play an important role in easing access to apprenticeship for under-represented groups, especially from among immigrant communities. PLAR permits individuals who have gained equivalent qualifications to those formally recognized in Canada’s educational institutions to receive accreditation for them; this, in turn, permits them to work in occupations where these credentials are required, or to enter into training and educational programs at an appropriate level. Where appropriate, PLAR may permit immigrants and others to receive apprenticeship certification or to receive advanced standing within an apprenticeship program.

Conclusion

This report has presented a synthesis of the discussion from the CSLS Roundtable on Creating a More Efficient Labour Market. As noted by the rapporteur Arthur Kroeger at the end of the day, a key message that came from the discussion was that the recommendations in the Expert Panel on Skills report in general made sense and that the government should proceed with their application. The discussion at the Roundtable also revealed much common ground among the stakeholders on both the importance of the skills agenda for Canadians, and on specific policies that should be followed to meet this challenge. These policies have been outlined in this report. It is hoped that these recommendations will be given serious consideration by governments in their development of policies to make the labour market more efficient