



momentum

Learn › Earn › Save › **THRIVE**

Towards an Economy that Works for Everyone

*The case for building a
workforce development system
focused on poverty reduction
and labour market inclusion*



January 2019

Acknowledgements

Thank you to the following individuals, teams and organizations who contributed to this report.

Momentum Contributors

Lisa Caton
Kelly Dowdell
Jeff Loomis
Business Development Team
Skills Training Team

Reviewers

Caroline Fairbrother, Fairbrother & Associates
Janet Lane, Canada West Foundation
Kevin McNichol, Prospect Human Services

This report was researched and written by Anna Cameron, Public Policy Coordinator, Momentum

Table of Contents

Executive Summary	3
Introduction	5
Labour market policy and poverty reduction	7
Workforce development systems in Canada and Alberta	9
Workforce development and poverty reduction in Alberta: issues and opportunities	16
Conclusion and next steps	22

About Us

Momentum works with people living on low incomes and partners in our community to create a thriving local economy for all. We offer programs to increase people's connections, skills, income and assets; support communities and businesses with resources to build the local economy; and advance systems change for poverty reduction and community economic development through policy research and advocacy.

Funding for our programs is provided in part by Family & Community Support Services.



Executive Summary

In the coming years, the Canadian labour market will be redefined by significant economic and social changes, among them shifting demographics, the expansion of the gig economy, increasing automation, and challenges facing our resource sector. This altered context presents governments, employers, and other stakeholders with an opportunity to improve upon existing workforce development approaches. Specifically, systems and strategies must do more to connect individuals—particularly people living on a low income and those who experience employment barriers—with training and supports that enable them to acquire in-demand skills and secure good jobs.

What is workforce development?

Workforce development refers to the suite of labour market policy approaches, programs, and initiatives that contribute to a well-functioning labour market which is capable of meeting the needs of both jobseekers and employers. The workforce development system includes skills and employment training, job search assistance and placement services, economic development programs, and labour market partnerships, as well as a range of complementary laws and policies.

Workforce development is a key poverty reduction strategy

For individuals living on a low income, the opportunity to pursue education and training that leads to dignified, living wage work can serve as a long-term pathway out of poverty. Ensuring adequate labour market supports for vulnerable individuals is particularly important today in light of growing income inequality, and given that emerging workforce trends stand to have the greatest impact on those with the weakest labour market attachment.

Investing in workforce development and labour market policies also makes economic sense

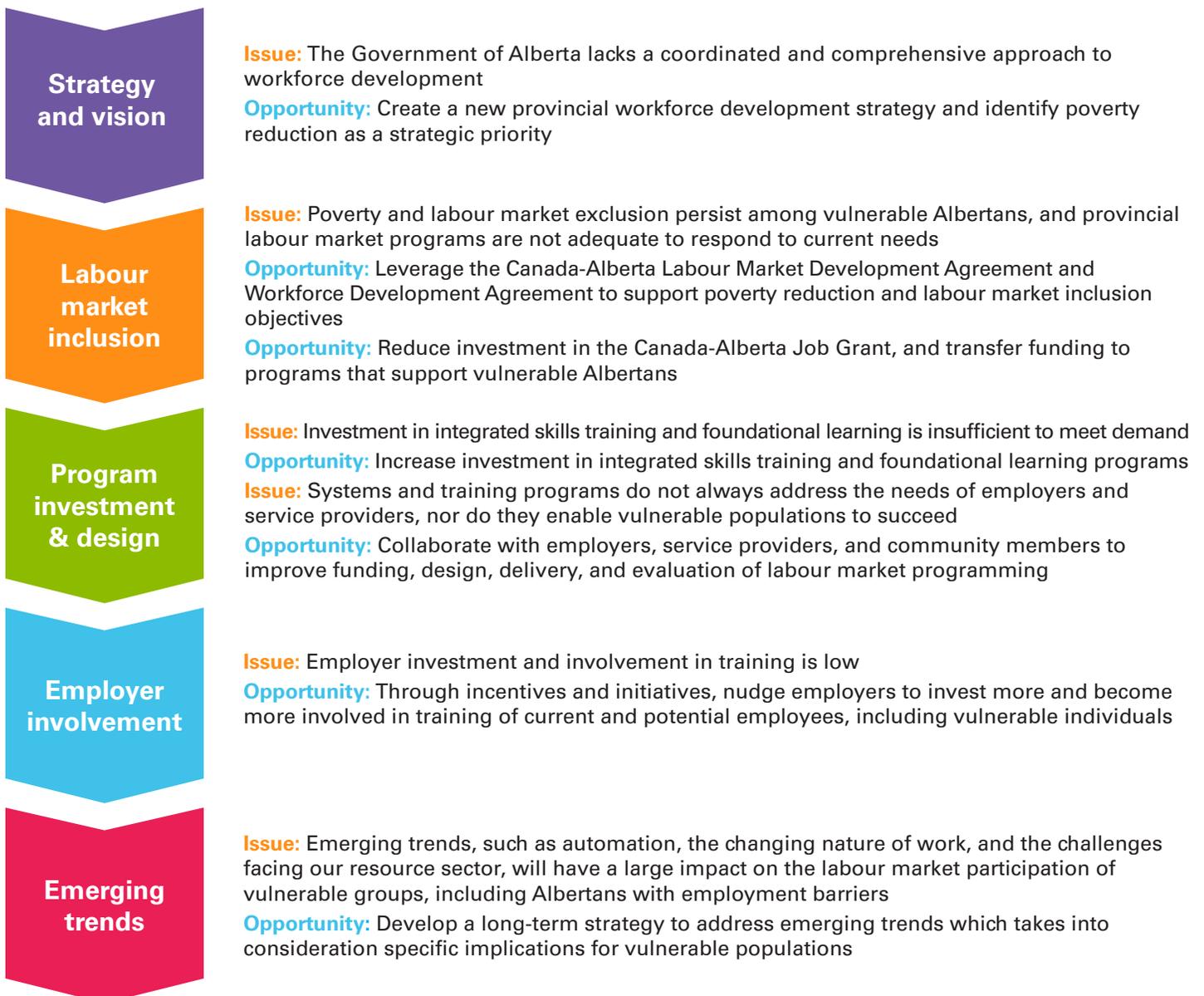
High unemployment and unequal access to education and jobs is costly and can hinder productivity and economic growth. At the same time, investments in training for the least skilled members of society produce increases in productivity and GDP. In fact, a one per cent increase in a country's average score on adult literacy is associated with an eventual five per cent rise in labour productivity and three per cent rise in GDP per capita.¹

Workforce development in Alberta

In Canada, the federal and provincial governments share jurisdiction over labour market and workforce development policy. The Government of Canada's involvement is largely through the Labour Market Transfer Agreements (LMTAs), which are funding transfers that support skills and employment training and programming. Over the course of 2018 and 2019, Alberta will receive \$480 million through the LMTAs.

Alberta is responsible for designing and delivering programs using LMTA funding, some of which is intended for excluded groups. Though the Government of Alberta has developed a strong foundation of workforce development and labour market supports, the alignment of current strategies across implicated ministries must improve. In addition, programs and services can be refocused to achieve poverty reduction goals—particularly in light of high demand for integrated skills training and foundational learning supports.

Current issues and opportunities



This report is the first of two Momentum publications on workforce development and poverty reduction in Alberta. In addition to providing an overview of labour market and workforce development policy, this report analyzes Alberta’s system in the context of poverty reduction and labour market inclusion, and then identifies several issues and opportunities for reform. The second report will present policy recommendations to address these issues and opportunities.

Introduction

In recent years, much attention has been paid by policymakers to building a highly skilled workforce to encourage growth, raise productivity, and adjust to an evolving economy. However, missing all too frequently in these discussions is the need for workforce development and labour market policies to support economic inclusion and poverty reduction. This absence is particularly significant as trends like automation, lagging productivity growth, and climate change stand to have the greatest impact on vulnerable Albertans, including those with employment barriers.

Drawing a connection between workforce development and poverty reduction is also critical at a time when part-time and precarious work are on the rise, wages have stagnated, and income inequality is growing.² Economic exclusion persists—both in Alberta as well as nationwide—and fewer Canadian households now view themselves as part of the middle class.³ Moreover, Alberta has the third highest level of income inequality in Canada,⁴ and during boom times in the province the proportion of people living in poverty does not change.

Both productivity and GDP rise as a result of investments in training for the least educated members of the workforce.

Further underscoring the need for systems-level intervention in this area, the Organization for Economic Cooperation and Development (OECD) has called on Canada to do a better job of supporting the integration of Indigenous persons, women, immigrants, older workers, and people with mental health challenges into the labour market.⁵ As illustrated in Figure 1, government spending

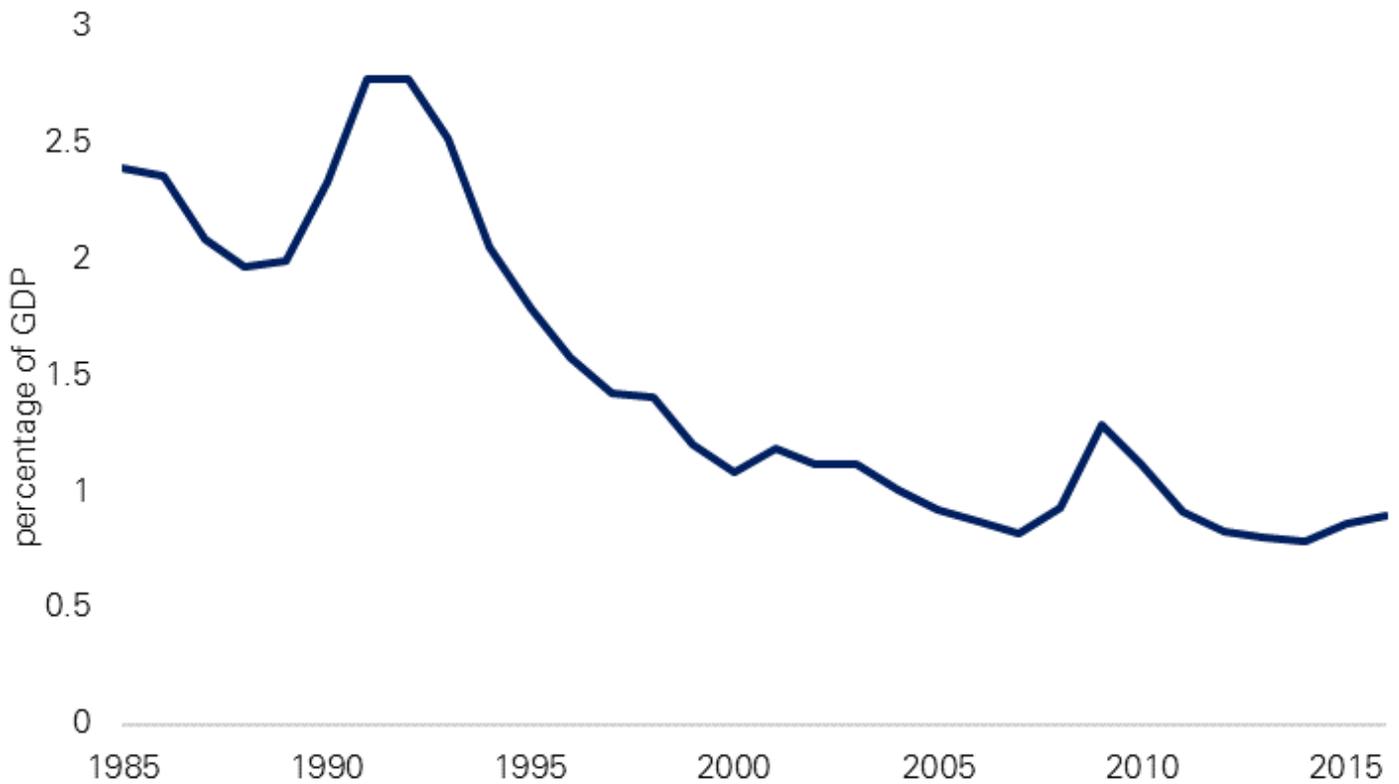
on labour market policies, which includes public employment services, training, hiring subsidies, direct job creation in the public sector, and unemployment benefits, has declined in Canada over the past several decades.

The underutilization of part of the labour force and unequal access to education and jobs can hinder economic growth.

From an economic standpoint, investing in labour market inclusion is sound policy. On the one hand, the underutilization of part of the labour force and unequal access to education and jobs can hinder economic growth. At the same time, data suggest that both productivity and GDP rise as a result of investments in training for the least educated members of the workforce. In fact, a one per cent increase in a country's average score on adult literacy is associated with an eventual five per cent rise in labour productivity and three per cent rise in GDP per capita.⁶ The same analyses show that raising literacy and numeracy for people at the bottom of the skills distribution is more important to economic growth than producing more highly-skilled graduates.⁷

Just as strategies for economic growth must address labour market inclusion, any credible poverty reduction strategy ought to identify labour market and workforce development policy as a key pillar of activity. For many people living on a low income, the opportunity to pursue dignified, living wage work can serve as a long-term pathway out of poverty and is crucial to achieving a sustainable livelihood.⁸ Paid employment is particularly important for avoiding poverty in Canada, as we spend less on cash benefits, and taxes and transfers do not reduce inequality by as much as in many OECD countries.⁹

Figure 1: Public spending on labour markets in Canada, 1985-2016



Source: OECD Employment and Labour Market Statistics

In this evolving economic context, thoughtful, coordinated, evidence-based policies are essential if we are to create more and better jobs, improve access to education and training for in-demand skills, and ensure a supportive context within which individuals can secure and maintain dignified employment.

This report focuses on the ways such policies can be used to advance poverty reduction, local economic development, and social inclusion objectives, and identifies areas where opportunities exist to shift and strengthen systems in the context of these goals.

Labour market policy and poverty reduction

What is labour market policy?

Labour market policy is situated at the intersection of the economic and social realms. A well-functioning labour market is critical for economic growth and prosperity, and so governments develop policies to attract and retain skilled workers, improve productivity and competitiveness, and ensure the workforce is well-positioned to adapt to economic and demographic shifts.

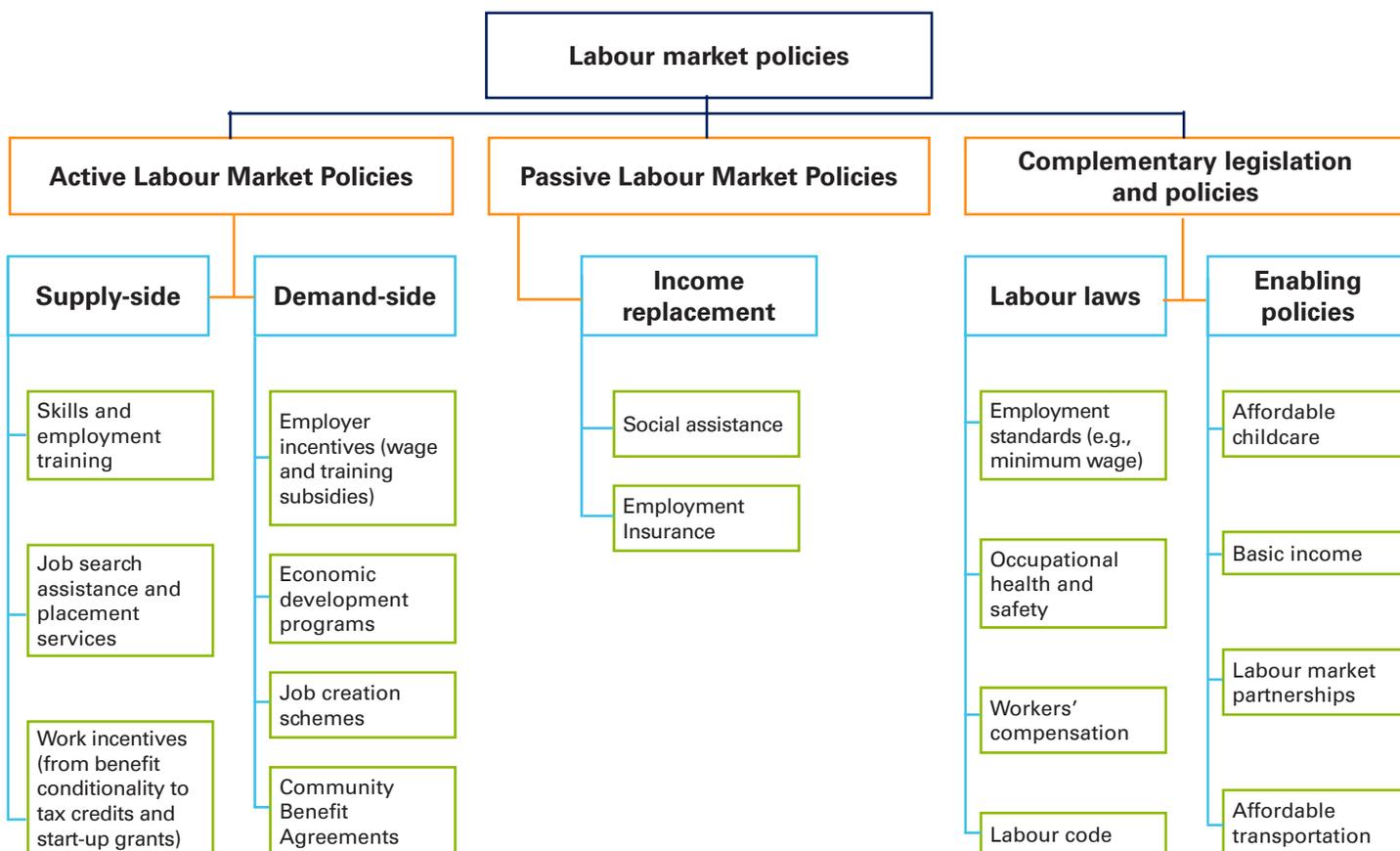
Just as importantly, a strong labour market is key to fostering inclusion, reducing poverty, and boosting well-being. For the individual, employment is integral to meeting one’s basic needs and a key contributor to achieving a sustainable livelihood. At the community level, high rates of unemployment are costly,

contribute to poverty, and undermine social cohesion. In light of this, labour market policy also involves interventions to ensure all individuals—particularly the unemployed and people with weaker ties to the workforce—have access to the training, supports, opportunities, and networks they need to find and maintain stable, safe, and dignified employment.

Approaches to labour market policy and workforce development

It is helpful to think of most labour market and workforce development policies as belonging to one of three categories: Passive Labour Market Policies (PLMPs), Active Labour Market Policies (ALMPs), and complementary legislation and policies.

Figure 2: Labour market policies by type



Passive Labour Market Policies

Through PLMPs governments provide replacement income to individuals during periods of unemployment and throughout the job search process. Two key examples are social assistance and unemployment insurance. The purpose of such interventions is to protect individuals, employers, and communities from the fluctuations and instability of the labour market and economy. It is important to note that governments often use PLMPs in conjunction with ALMPs or ensure PLMPs have an active element. In Canada, for example, recipients of Employment Insurance (EI) must be seeking employment or enrolled in training to maintain benefit eligibility.

Active Labour Market Policies

In the past several decades, OECD countries (including Canada) have transitioned toward active policies that facilitate labour market integration among the unemployed and which aim to achieve the best possible alignment of labour supply (workers) with labour demand (jobs).¹⁰ Such policies can be effective tools for reducing poverty and increasing economic inclusion when they are designed to increase the employability of target groups, including the long-term unemployed, immigrants, Indigenous persons, youth, women, and persons with disabilities.

Many ALMPs are focused on labour supply: they are designed to increase the number of workers with appropriate and relevant skills. Typically, these measures support individuals to adjust to the labour market, either by fast-tracking them into employment through short-term training and skills development or by connecting them with work. Such policies can also include tax benefits that increase the income of low-wage workers, such as the Canada Workers Benefit and the Alberta Family Employment Tax Credit. Some argue that these policies, which provide an income supplement to workers who earn below a certain annual income, increase labour market attachment because they act as an employment incentive.¹¹ Finally, career planning services are a vital element

of ALMP which provide jobseekers with a better understanding of the breadth of available jobs, as well as an idea of careers for which demand is high. Importantly, this emphasis on supply-side approaches has its limits, particularly in the context of poverty reduction. This is because such interventions typically favour individuals who have closer labour market ties in the first place. In addition, they fail to address a key problem: that there are not enough full-time, secure jobs that pay a living wage. By contrast, demand-side measures (which are less prevalent) are aimed at increasing the demand for skilled labour through the creation of employment opportunities. They can include job creation schemes, hiring incentives, economic development programs, and Community Benefit Agreements.

Complementary legislation and policies

A fundamental goal of labour market policy is to improve the systems within which people develop skills and pursue employment. In the context of poverty reduction and labour market inclusion, this involves interventions to create an enabling framework for people who experience marginalization, weak workforce ties, and barriers to employment. Legislation that establishes adequate minimum wages, fair employment standards, occupational health and safety protections, and the rights and responsibilities of employers, trade unions, and employees in labour relations, is essential to elevate the overall quality of employment. Additional supports, such as access to affordable childcare and transportation, remove barriers to full participation in the labour force.

Programs that facilitate labour market partnerships among government, industry, labour, post-secondary institutions, and community-based training organizations are also vital to workforce development. Such initiatives can ensure an alignment of objectives among stakeholders, allowing actors to identify and work towards shared priorities and address emerging trends.

Workforce development systems in Canada and Alberta

In Canada, the federal, provincial, and territorial governments share jurisdiction over labour market policy, which has resulted in a complex web of interactions, funding arrangements, accountabilities, and priorities. The Government of Canada shapes this policy area through transfer agreements, programs and initiatives that target specific demographic groups, and responsibility for the EI system. The provinces and territories design and administer skills and employment training programs, manage social assistance, and oversee many of the complementary laws and policies summarized above.

Federal policies and programs

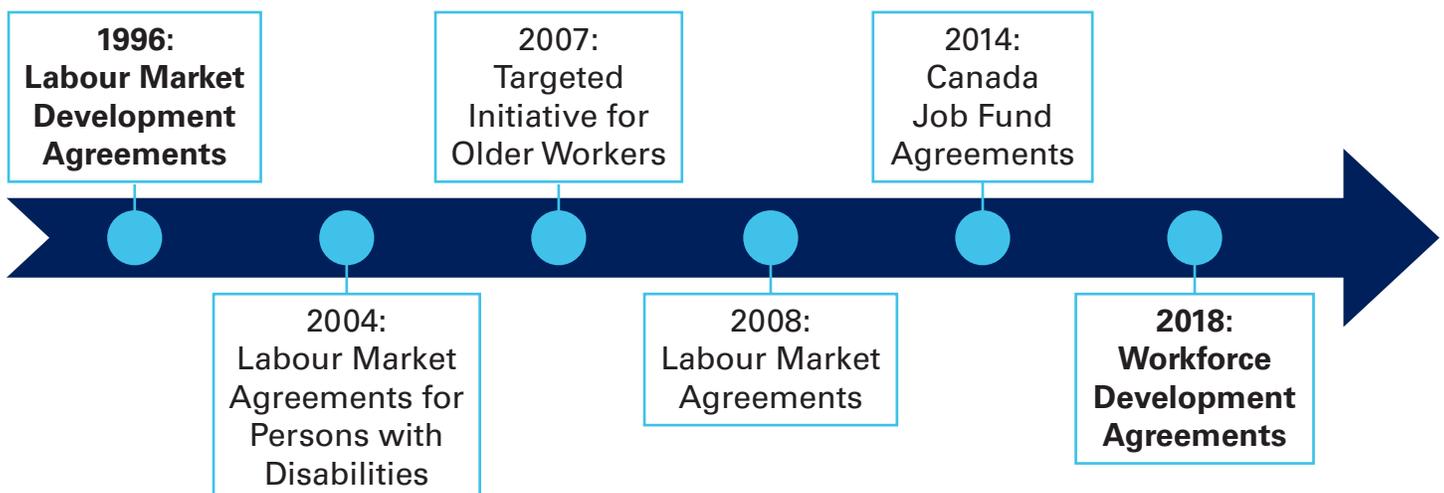
Employment Insurance

Funded through mandatory contributions from employers and workers, the EI program provides temporary income replacement to unemployed individuals who are searching for work or pursuing training, and to individuals who take time off work in the case of life events like illness or pregnancy.

Labour Market Transfer Agreements

The Labour Market Transfer Agreements are at the centre of Canada's national framework for labour market policy. Through these agreements, the Government of Canada transfers roughly \$3 billion in funding each year to the provinces and territories for training and employment programming and supports. The LMTAs include the Labour Market Development Agreements (LMDAs), which fund provincial programs and services for individuals eligible to receive EI benefits and those who have contributed to the EI program, and the Workforce Development Agreements (WDAs), which fund provincial programs and services that address the diverse needs of older workers, individuals with disabilities, those under-represented in the labour market, and employers.

Figure 3: Evolution of the Labour Market Transfer Agreements



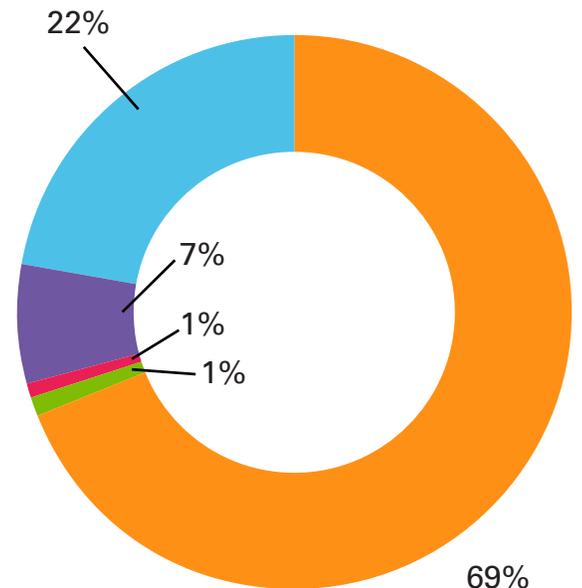
Labour Market Development Agreements

Most federal funding for skills training—over \$2 billion annually—flows to the provinces through the Labour Market Development Agreements.¹² Through the Canada-Alberta LMDA, Alberta will receive over \$300 million during the two-year period starting in 2018.¹³ This funding is directly connected to the EI system and is used to support programs and services that help unemployed individuals find and maintain employment.¹⁴ The Government of Canada sets broad objectives, but provinces design programs and services based on local labour market needs.

Figure 4 outlines the categories of eligible programs and services—many of which are active measures—provinces can deliver with LMDA funding. These are referred to as Employment Benefit and Support Measures (EBSM) in the EI Act. According to an evaluation of EBSM measures, employment assistance services, skills development, and targeted wage subsidies all have positive effects on earnings and employment. Specifically, targeted wage subsidies lead to the largest increase in incidence of employment, and skills development results in the greatest incremental gains in employment earnings among all EBSMs.¹⁵ In Alberta, the majority of LMDA funding (69% in 2014-15) supports skills development services.¹⁶

Figure 4: Employment Benefit and Support Measures funded through the Canada-Alberta LMDA

Skills Development	Financial support for individuals to obtain employment training (includes apprenticeship training)
Employment Assistance Services	Counselling, job search support, job placement services, and labour market information provision
Job Creation Partnerships	Support for local economic development projects that provide work experience that will result in ongoing employment
Targeted Wage Subsidies	Wage subsidies for employers to support individuals to obtain work experience
Self-Employment	Financial assistance and business planning advice for potential entrepreneurs



Workforce Development Agreements

In 2018, the Government of Canada signed new Workforce Development Agreements with the provinces and territories. The intent behind the WDA was to make labour market transfers simpler and more flexible by consolidating three former agreements: the Canada Job Fund Agreements, the Labour Market Agreements for Persons with Disabilities, and the Targeted Initiative for Older Workers.

Through the Canada-Alberta WDA, the Government of Alberta will receive more than \$180 million from the federal government over the course of the two-year period starting in 2018.¹⁷ Eligible programming can focus on training to improve literacy, essential, and work-related skills, as well as academic preparation and upskilling, partnerships with employers from key sectors, and additional supports along a continuum of needs-based services.

The language of the WDA aligns with the objectives of poverty reduction and labour market inclusion. For example, the first objective of the Agreement is to foster labour market participation, including supporting the successful integration of those facing obstacles to finding and maintaining employment. The WDA is intended to support the development of an integrated, client-centred, outcomes-driven employment and training model in Alberta.

Other programs and initiatives

Community Employment Benefits Initiative

In 2018, the Government of Canada entered into bilateral agreements with the provinces and territories to provide long-term, predictable funding to support infrastructure priorities as part

of the Investing in Canada Infrastructure Plan. The Community Employment Benefits Initiative is part of these bilateral agreements and applies to funded infrastructure projects over a certain cost threshold. Through the initiative, entities delivering such projects are required to provide employment and/or procurement opportunities for at least three target groups, which can include apprentices, Indigenous persons, women, persons with disabilities, veterans, youth, recent immigrants, and small, medium, and social enterprises.

Aboriginal Skills and Employment Training Strategy (ASETS)

Introduced by the Government of Canada in 2011, ASETS is a labour market program designed to increase Indigenous participation in the labour market through sustainable, meaningful employment. Through this program, the federal government provides funding to 85 Indigenous service providers across Canada to deliver employment and training services that are sensitive to and aligned with local and regional labour market needs.¹⁸

Indigenous Skills and Employment Training Program

In the 2018 federal budget, the Government of Canada proposed the creation of a new Indigenous Skills and Employment Training Program to replace the existing Aboriginal Skills and Employment Training Strategy. The federal government has noted that, through an investment of \$2 billion over five years, the new program will place a stronger focus on training for better-paying jobs of higher quality, rather than rapid re-employment, and serve an additional 15,000 individuals.¹⁹

Alberta's approach to labour market policy and workforce development

Operating within and alongside the federal framework, the Government of Alberta drives the majority of labour market policy affecting Albertans. Specifically, the provincial government delivers a range of labour market programs to address issues impacting Alberta's workers and employers, and also formulates policy and strategy to meet labour market objectives. In addition, the Government of Alberta is responsible for an important component of Passive Labour Market Policy: social assistance.

Governance

Ministry of Labour

The Ministry of Labour shapes Alberta's labour market policy, and works with other ministries, industry, community partners, and the federal government to achieve workforce development objectives. In addition, the Ministry leads negotiations with the federal government regarding the Labour Market Transfer Agreements and participates in the national Forum of Labour Market Ministers. The Ministry was also responsible for stewarding the most recent provincial workforce development strategy, Building and Educating Tomorrow's Workforce (BETW), which concluded in 2016.

Labour's mandate is three-fold: to protect workers and promote safe, fair, and healthy workplaces; to ensure workers have access to timely, fair, and independent adjudication and dispute resolution services; and to ensure Alberta has a skilled workforce and an efficient labour market. The Ministry oversees provincial labour and workplace legislation, mediates collective bargaining negotiations, oversees the Alberta Labour Relations Board and the Appeals Commission for Alberta Workers' Compensation, and supports Albertans in connecting to current and future job opportunities through contracted training and employment programs.

Ministry of Community and Social Services

Community and Social Services (CSS) is responsible for providing income, employment, disabilities, and community-based supports to Albertans, as well as offering a range of family and community support services. Specifically, CSS contributes to Passive Labour Market Policy through the delivery of the province's social assistance system and Active Labour Market Policy through investment in career and employment programs that support individuals to engage with the labour market.

Ministry of Advanced Education

The Ministry of Advanced Education oversees the province's adult learning system, which spans an array of learning options from foundational learning to advanced degrees. In 2016-17, over 21,000 Albertans accessed literacy and foundational learning through the Community Adult Learning Program.²⁰ Foundational learning brings participants up to the level of a high school graduate, and includes literacy, English language learning, academic upgrading, high school equivalency, skills development, and employment preparation.²¹

Ministry of Indigenous Relations

A primary focus of the Ministry of Indigenous Relations is "enhancing the socio-economic well-being of Indigenous Peoples in Alberta."²² One way the Ministry works towards this objective is through the delivery of the Employment Partnerships program, which is designed to support Indigenous communities and organizations to connect their members to employment and training.²³

Active Labour Market Policies

Training for Work

Overseen by several provincial ministries, Training for Work programs are full- and part-time training opportunities for the unemployed and underemployed, as well as individuals working in survival jobs. Many Training for Work participants receive Income Support or are EI-eligible, and in some cases, individuals looking access training to move beyond a survival job are approved by the government for a Counsel to Leave employment exemption. This exemption enables the individual to qualify for training programs and receive government supports for which they would not be eligible if employed. Programs under the Training for Work banner include Immigrant Bridging, Integrated Training, Self-Employment, Transition to Employment Services, and Workplace Training.

Integrated Training

Integrated Training programs are offered by the Ministry of Labour (contract-based) and Ministry of Advanced Education (tuition-based), and delivered by community-based and private training providers. Occupying a crucial place along the continuum of employment training and supports, these programs provide adults with a blend of occupation-related skills, work experience, essential and employability skills, applied academics, and/or English as a Second Language training. There is common understanding that individuals who experience employment barriers are more successful when provided with Integrated Training opportunities and have access to comprehensive, wrap-around supports.

Box 1: Spotlight on Integrated Training in Calgary: Momentum's Trades Training Program

Since 1992, Momentum's Trades Training program has helped over 1000 graduates launch careers as carpenters, heavy-duty mechanics, electricians, plumbers, and pipefitters. The target groups supported through the Trades Training program are Indigenous persons and immigrants who are unemployed or underemployed—many of whom experience poverty and have weak labour market attachment.

Through an integrated approach to training, Momentum partners with learners over the course of a six-month period through upgrading in English, Math, Science, and Life Skills; technical training in a trade at SAIT; and work experience. The comprehensive, wrap-around supports that characterize this approach to training ensure that more vulnerable participants have the best chance at success.

Learners earn substantially higher wages as a result of participation in the Trades Training program, benefitting not only the individual but also society as a whole. In fact, a Return on Investment evaluation of the Trades Training program showed that the provincial government's portion of the investment in the program was returned to the provincial treasury in just three years through higher taxes paid by graduates.²⁴ After ten years, the treasury received almost five times its investment.

Aboriginal Training to Employment Program (ATEP)

Through the ATEP, the Government of Alberta facilitates partnerships with First Nations, Métis, and other Indigenous communities, organizations, industry, and stakeholder groups to support the design of customized training for unemployed or underemployed Indigenous persons. Training through this program ranges from job coaching and mentoring to occupational skills training. Each partnership must include a First Nation Band, Indigenous organization, corporation, and/or Métis settlement; an industry representative, such as an employer or union; and the Ministry of Labour.

First Nations Training to Employment Program (FNTEP)

Similar to the ATEP, the FNTEP supports the creation of partnerships to create training and work experience projects that lead to the employment of unemployed or underemployed First Nations members, with a focus on those living on reserve. 51% of participants in each FNTEP project must be First Nations members (primarily living on reserve).

The Canada-Alberta Job Grant

In 2014, the Government of Canada introduced the Canada Job Grant (CJG) as the cornerstone program of the former Canada Job Fund Agreements (which have now been incorporated into the WDAs). A main objective of the program is to increase employer-driven training opportunities for new and existing employees through a cost-sharing agreement with the government.

Those eligible for training through the Canada-Alberta Job Grant (CAJG) program include unemployed individuals who need training to secure a job, under-employed individuals who need training to find a better job, and employed individuals who need training for a better job.

Participating employers must have jobs available for the trainee upon completion of the training. In 2017/18, the Government of Alberta allocated \$19.1 million (33%) of the Canada-Alberta Job Fund transfer to the CAJG program, which supported over 10,000 participants.²⁵

Summer Temporary Employment Program (STEP)

STEP is a provincial wage subsidy program, the goal of which is to encourage employers to employ high school and post-secondary students in summer jobs. The subsidy is available to small business, non-profit organizations, public libraries, school boards, publicly funded post-secondary institutions, municipalities, First Nations, and Metis settlements. Through the program, the province provides employers a wage subsidy of \$7 per hour for a minimum of 30 hours per week. With a budget of \$10 million in 2018, the STEP program supported nearly 1,400 employers to hire over 3,000 students.²⁶

Complementary legislation and policies

Labour laws

The Government of Alberta oversees laws related to employment standards, occupational health and safety, workers' compensation, and labour relations. In 2017, the province updated these laws, which brought Alberta's rules in line with many Canadian provinces.

One change in this area which has been instrumental in supporting poverty reduction is the minimum wage increase. Beginning in 2016, the Government of Alberta began increasing the minimum wage from \$10.20 per hour (\$9.20 for employees serving liquor) to \$15 per hour as of October 2018. The phased-in increases have reduced the gap between Alberta's minimum wage and a living wage and mean that many full-time minimum wage earners now earn enough to live above the poverty line.

Box 2: Using workforce strategies to address emerging trends: Alberta's Coal Phase-out Transition Plan

In 2015, the Government of Alberta committed to a phase-out of coal power by 2030. To support the transition for workers, employers, and communities during the phase-out process, the Alberta government has introduced a Coal Phase-out Transition Plan, which includes a Coal Workforce Transition Program and a Coal Community Transition Fund.

The intention behind transition policies is to minimize the impact of the shift to a low-carbon society on workers, employers, and communities—particularly those for whom resource extraction and development is central to economic stability. The transition approach involves workers and communities in decision-making processes, identifies and supports future economic diversification initiatives, and ensures workers, employers, and communities receive assistance and services throughout the transition process.

The Coal Workforce Transition Program (\$40 million) provides impacted workers financial assistance for re-employment, retirement, relocation, and education. This includes a bridge to re-employment relief grant—worth 75% of previous weekly earnings when combined with EI benefits—to support workers as they search for a new job, as well as a Coal and Electricity Transition Voucher worth up to \$12,000 for individuals who wish to pursue post-secondary education to train for a new career.

The Coal Community Transition Fund (\$5 million) supports communities, municipalities, and First Nations affected by the coal phase-out. Grant funding is provided for economic development initiatives that enable the transition away from reliance on coal.

Minimum wages are key policies in the context of workforce development because they can lead to higher labour productivity

and less turnover—things that contribute to stabilization, both of workplaces and of employees' lives. They also ensure a minimum compensation standard, which helps workers to meet their basic needs more easily. Prior to the minimum wage increase, 254,000 Albertans (11%) earned less than \$15 an hour. 63% were female, 53% worked full-time jobs, 37% were parents, and 71% were 20 years of age or older.²⁷

Workforce partnerships

The Labour Market Partnerships program supports projects with groups, organizations, industry, and communities that share labour market needs. Such projects can include research and analysis of labour market trends, the development of strategic plans to adjust to potential skill shortages, and best practice sharing. One of four priorities identified for the program in 2018-2019 was supporting equity and under-represented groups, including by supporting initiatives that enhance the workforce participation of under-represented groups in Alberta's communities.²⁸

Workforce development and poverty reduction in Alberta: issues and opportunities

Alberta's workforce development system has strong foundations. The recent changes to the federal-provincial LMTAs increase funding, prioritize outcomes for excluded groups, and bring the frameworks in closer alignment with poverty reduction and labour market inclusion goals. In addition, the modernization of Alberta's labour laws—including the shift to a \$15 per hour minimum wage and important adjustments to employment standards and occupational health and safety rules—has moved us closer to a context in which all Albertans can participate in the labour market in a way that is safe and dignified. That said, opportunities for improvement remain.



Strategy and vision

Issue: The Government of Alberta lacks a coordinated and comprehensive approach to workforce development

Between 2006 and 2016, the Government of Alberta pursued workforce development through a strategy called Building and Educating Tomorrow's Workforce. This strategy brought together several ministries and external stakeholders around the common objective of improving the capacity of Alberta's labour force. Though the immediate need recognized in BETW was to attract workers, the strategy also outlined a long-term goal of providing under-represented groups with the skills, training, and opportunities needed to succeed.²⁹ When BETW expired in 2016, the provincial government did not release a new strategy to replace it.

As a November 2018 Auditor General report on BETW indicates, the role of a long-term workforce development strategy is to enable governments to pursue long-term results alongside immediate needs— "to focus on the things it identifies as most important to the future sustainability of Alberta's labour force, not necessarily the most urgent right now."³⁰ Currently, four ministries— Labour, Community and Social Services, Advanced Education, and Indigenous Relations—share responsibility for workforce development. Though these ministries collaborate to provide programs and services that span the continuum of training supports, no unified, long-term vision exists to balance addressing short-term needs with preparing the workforce to respond to emerging trends. Also missing along the continuum is how skills training and workforce development investments can be leveraged to reduce poverty.

Emerging workforce trends will have the greatest impact on individuals living in poverty, at higher risk of poverty, and traditionally underrepresented in the workforce; this challenge cannot be overcome without a strategic approach that spans all implicated ministries. As noted by the Auditor General, the consequence of this lack of strategy—and absence of an adequate system to

measure and report its results and effectiveness—will be that “long-term planned results will succumb to short-term needs and not support the needs of vulnerable Albertans.”³¹

Opportunity: Create a new provincial workforce development strategy and identify poverty reduction as a key strategic priority

Labour market inclusion

Issue: Poverty and labour market exclusion persist among vulnerable Albertans

In Alberta certain demographic groups, including Indigenous persons, immigrants, and women, experience labour market exclusion and unemployment at higher rates, and also earn lower incomes. Unemployment rates among Indigenous persons and new Canadians are higher than the provincial average (7%)³²: for Indigenous people living off reserve, the unemployment rate is 12.6%³³ and for immigrants landed in the last 5 years 8.2%.³⁴ Both groups are overrepresented among those living in poverty or close to the poverty line. If these numbers are to improve, the Government of Alberta must place greater emphasis on labour market inclusion, specifically by providing more and better training opportunities for vulnerable Albertans.

The current system is inadequate for a variety of reasons. Firstly, much of government-funded skills training is inaccessible to new labour market entrants and individuals facing long-term unemployment. This is because many skills training programs are linked to EI (through the Canada-Alberta LMDA), which leaves those without any connection to the EI system ineligible for most training and with limited access to those training opportunities for which they do qualify.

Box 2: Labour market inclusion: How does Alberta fare?

- A gender wage gap of 24.6%, which is the second highest in Canada and higher than all OECD countries but Japan.
- An immigrant wage gap of 25.9% (the fourth highest in Canada), and the highest perceived employment discrimination of all provinces.
- Albertans with disabilities earn just two-thirds that of Albertans without disabilities.
- Indigenous persons earn lower average wages than all other Albertans.

(Source – Conference Board of Canada)

Moreover, in recent years the provincial government has prioritized the rapid re-employment of individuals who have lost their jobs due to the economic downturn. This has come at the expense of programs and services for individuals farther from the labour market who require integrated training and wrap-around supports. Though the Canada-Alberta WDA signifies a renewed focus on training for target groups, it remains to be seen whether the new agreement will produce an ample shift in provincial investment toward labour market inclusion.

Finally, Counsel to Leave exemptions play a key role in supporting underemployed individuals or those working survival jobs to develop the skills and access the supports they need to obtain

living wage work. In Momentum’s experience, the province has, in recent years, moved away from approving training through Counsel to Leave. For example, in 2017 not one of Momentum’s 72 Trades Training participants was accepted to the program following a Counsel to Leave request. A potential consequence of this shift is that more individuals could become stuck in survival jobs.

Putting further pressure on already limited opportunities for those farthest from the labour market is the Canada-Alberta Job Grant program. The CAJG was introduced in 2014 as the cornerstone of the former Canada-Alberta Job Fund Agreement, which was incorporated into the WDA in 2018. It is supported through the Consolidated Revenue Fund and is not attached to the EI program, meaning that individuals who do not qualify for EI-funded programs—often those farthest from the labour market—can access training programs supported through this funding stream. The vision for the CAJG program was to support training for positions in demand with employers

and increase employer involvement in training, which are important policy goals; however, the program has not benefited vulnerable Albertans. To date, the CAJG has been used as a government-subsidized professional development fund to support already employed individuals: 99 per cent of individuals supported through the program in 2017-18 already had a job prior to commencing training.³⁵ In 2017-18, the Government of Alberta directed \$19 million in federal funding to the CAJG—a significant portion of the training dollars that could be used to support individuals farthest from the labour market.³⁶

Opportunity: Leverage the Canada-Alberta LMDA and WDA to support poverty reduction and labour market inclusion objectives

Opportunity: Redirect funding from the Canada-Alberta Job Grant to employment and skills training programs that support vulnerable individuals

Box 3: Government-funded labour market programs in Alberta by ministry: focus areas and gaps



Momentum works with several Government of Alberta ministries that deliver a range of labour market programs to address issues impacting Alberta's workers and employers. An emerging challenge is ensuring that people with barriers to employment can access comprehensive training programs that create opportunities to get high-quality jobs or pursue self-employment.

Program investment and design

Issue: The Government of Alberta's investment in integrated skills training and foundational learning is insufficient to meet the demand for such programs

In Alberta, demand is high for integrated skills training and foundational learning programs. In 2018, the Ministry of Advanced Education noted that it was experiencing increased demand from adult learners for foundational skills programs, and cited this trend as one of three areas presenting a risk to the Ministry achieving its outcomes.³⁷ Momentum's experience reflects this, as both its targeted Self-Employment program, as well as its Trades Training program for immigrants and Indigenous persons, continue to experience a large volume of applicants. In 2017, over 700 individuals applied to Momentum's Trades Training program; nine out of ten applicants had to be turned away as a result of limited program spaces based on funding.

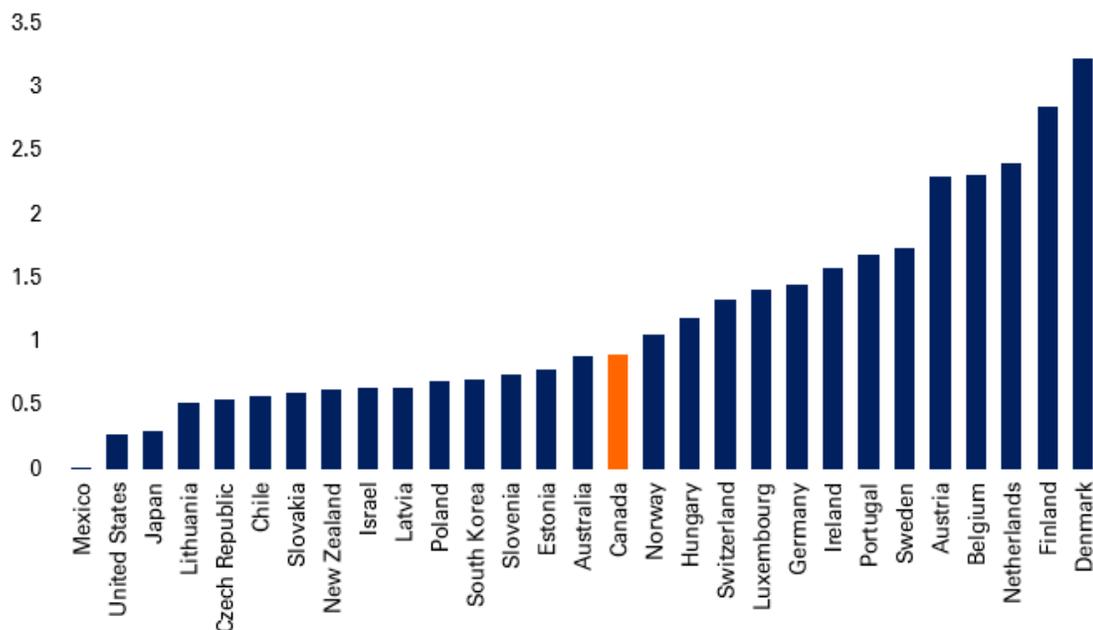
The Government of Alberta can also do more to support existing programs with proven track records. Presently, Momentum's targeted Self-Employment program, which supports individuals with employment barriers to start their own businesses, is the only of its kind in the province.

Though this program achieves strong outcomes,³⁸ it is now at risk of having to compete for mainstream contracts. This is problematic, as the program is more expensive and resource-intensive to run than mainstream programs due to the comprehensive training and additional wrap-around supports it provides to multi-barriered participants.

This mismatch between supply of and demand for training occurs within a context of low investment. In 2016, for example, Canada spent less on labour market programs than 13 OECD countries (see Figure 5).

Opportunity: Increase investment in integrated skills training and foundational learning programs

Figure 5: Public expenditure on Labour Market Programs in OECD countries as a percentage of GDP, 2016



Source: OECD Employment and Labour Market Statistics

Issue: Systems and training programs do not always address the needs of employers and service providers, nor do they enable vulnerable populations to succeed

The Government of Alberta can improve the ways in which it includes employers and service providers in the development of approaches to the funding, delivery, and evaluation of ALMPs. Suggested areas of consideration include: analyzing the merits of tuition-based funding (versus contracts); streamlining the funding approvals process; evaluating reporting requirements (including outcomes of success); and finding ways to support innovation. In addition, program design as well as reporting and evaluation requirements must be adjusted to better reflect alternative conceptions of successful outcomes—particularly in the context of economic reconciliation and the unique needs of Indigenous learners.

Opportunity: Collaborate with employers, service providers, and community members to improve funding, design, delivery and evaluation of ALMPs

Employer involvement

Issue: Employer investment and involvement in training is low

In Canada, employer investment in training has been on the decline over the past several decades. Though investment in training by larger employers is on the rise, Canadian employers still spend roughly 30% less on training than they did in the early 1990s.³⁹ Moreover, when employers do provide training, they are more likely to provide it to higher-skilled workers.⁴⁰ Barriers to employer-driven training include problems of scale, which make it difficult for small and medium size employers to offer training, cost, risk of turnover, and lack of awareness.⁴¹

Opportunity: Through incentives and initiatives, nudge employers to invest more and become more involved in training of current and potential employees, including vulnerable individuals

Emerging trends

Issue: Emerging trends, such as automation and the changing nature of work, will have a large impact on the labour market participation of vulnerable groups, including Albertans with employment barriers

In the coming years, Alberta's economy and workforce will grapple with several trends, adjustment to which will require flexibility, creativity, and agility. These trends include climate change, automation, the changing nature of work, economic reconciliation, emerging occupations, and the need for economic diversification and a transition for workers currently employed in declining industries. The Government of Alberta's Coal Workforce Transition Program is an example of positive intervention in the face of change. Through the program, the provincial government is providing financial assistance for re-employment retirement, relocation, and education to workers affected by the coal phase out.⁴²

Emerging trends stand to have the greatest impact on vulnerable individuals and those who already experience weak labour market attachment. Accordingly, there is specific opportunity to address demographic shifts and skills shortages through skill development of groups traditionally under-represented in the labour market.

Opportunity: Develop a long-term strategy to address emerging trends that takes into consideration specific implications for vulnerable populations

Conclusion and next steps

This report identifies several opportunities for action and reform, including the creation of a provincial workforce development strategy that names poverty reduction and labour market inclusion as key priorities. A forthcoming policy options paper will explore this recommendation,

as well as other options for reducing poverty through labour market policy, in greater depth. Box 4 provides a first look at potential policy responses to address some of the issues and trends highlighted in this report.

Box 4: Promising policies and initiatives supporting labour market inclusion and poverty reduction	
Opportunity	Examples
<p>Employer Involvement:</p> <p>Boosting industry's role in labour market inclusion</p>	<p>Employment Integration Program for Immigrants & Visible Minorities – Quebec⁴³</p> <ul style="list-style-type: none"> Provides employers with a subsidy to cover up to 30 weeks' wages, a trainer's salary, and additional training expenses when they support the labour market integration of a recent immigrant. <p>Community Benefits Policy Framework – Ontario⁴⁴</p> <ul style="list-style-type: none"> Focused on getting more value out of Ontario's 12-year, \$160 billion Infrastructure Plan. A current project under the Framework is the Eglinton Crosstown Light Rail Transit project, which is being delivered by Crosslinx Transit Solutions. Between January 2017 and July 2018, the project employed 131 people from historically disadvantaged communities and groups along the transit corridor in professional, administrative, and technical roles.⁴⁵ Through the project, over \$5.2 million has been spent on goods and services from local businesses and social enterprises.⁴⁶
<p>Emerging trends:</p> <p>Challenges facing our resource sector</p>	<p>The Green Skills Partnership for London – United Kingdom⁴⁷</p> <ul style="list-style-type: none"> A partnership body of trade unions, employers, training providers, community representatives, sector skills councils, local governments, and Job Centre Plus. Aim is to create local jobs, apprenticeships, and access to accredited courses. Innovative engagement of local communities to tackle climate change and build sustainable communities; support for vulnerable groups and unemployed to develop environmental literacy; provision of progression routes for job seekers and support for disadvantaged and young people to find training and work in the green economy. One project supported through the partnership is the redevelopment of the Elephant & Castle. The project created 450 living wage employment opportunities for unemployed individuals living in the borough, with a specific emphasis on the most disadvantaged.
<p>Labour market inclusion:</p> <p>Support for economic reconciliation</p>	<p>Hydro Northern Training Initiative – Manitoba⁴⁸</p> <ul style="list-style-type: none"> A \$60.3 million, multi-year initiative (2001-2010) to train and prepare over 1,000 Indigenous residents for 800 hydro construction and related employment opportunities. Goals were to prepare northern Indigenous persons with the knowledge and skills for employment on planned construction projects throughout northern Manitoba and across the province; leverage hydroelectric projects for long-term community development; support the development of northern businesses and community ventures. By the end of 2010, 2,670 individuals participated in the initiative, and 1,876 completed at least one training course. 1,395 individuals were employed post-training.⁴⁹

Endnotes

1. Janet Lane and T. Scott Murray, *Literacy Lost: Canada's Basic Skills Shortfall* (Calgary: Canada West Foundation, 2018), 2, http://cwf.ca/wp-content/uploads/2018/12/2018-12-CWF_HCC_LiteracyLost_Report_WEB.pdf.
2. Sunil Johal and Jordann Thirgood, *Working Without a Net: Rethinking Canada's social policy in the new age of work* (Toronto: Mowat Centre, 2016), https://mowatcentre.ca/wp-content/uploads/publications/132_working_without_a_net.pdf.
3. Frank Graves, *Understanding the Shifting Meaning of the Middle Class* (EKOS Research Associates, 2017) http://www.ekospolitics.com/wp-content/uploads/understanding_the_middle_class_final_report.pdf.
4. The Conference Board of Canada, "Income Inequality," How Canada Performs, accessed January 14, 2019, <https://www.conferenceboard.ca/hcp/provincial/society/income-inequality.aspx>.
5. OECD, *Policies for Stronger and More Inclusive Growth in Canada – Better Policies Series* (2017), 12-16, <https://www.oecd.org/canada/Policies-for-stronger-and-more-inclusive-growth-in-Canada.pdf>.
6. Lane and Murray, *Literacy Lost*, 2.
7. Ibid.
8. For more information on Momentum's Sustainable Livelihood's framework, see the following document: <https://momentum.org/wp-content/uploads/2018/02/SustainableLivelihoods.pdf>.
9. OECD, *Growing Unequal?: Income Distribution and Poverty in OECD Countries – Country Note: CANADA* (2008), <http://www.oecd.org/canada/41525292.pdf>.
10. Giuliano Bonoli, "The political economy of active labour market policy," Working Paper on the Reconciliation of Work and Welfare in Europe (2010), http://www.sps.ed.ac.uk/_data/assets/pdf_file/0010/39268/REC-WP_0110_Bonoli.pdf.
11. For further information on in-work benefits, see: OECD, Chapter 3: *Increasing Financial Incentives to Work: The Role of In-work Benefits*, OECD Employment Outlook (2005), <https://www.oecd.org/els/emp/36780865.pdf>.
12. Government of Canada, "Labour Market Development Agreement," accessed January 19, 2019, <https://www.canada.ca/en/employment-social-development/programs/training-agreements/lmda.html>.
13. Employment and Social Development Canada, "Government of Canada announces funding agreements to give Albertans better access to jobs and training," accessed January 19, 2019, <https://www.newswire.ca/news-releases/government-of-canada-announces-funding-agreements-to-give-albertans-better-access-to-jobs-and-training-686703851.html>.
14. Note that those eligible for training funded through this stream are active and former EI Part I claimants, as well as individuals who have made minimum EI premium contributions in at least five of the last 10 years.
15. Andy Handouyahia et al., "Estimating the Impact of Active Labour Market Programs using Administrative Data and Matching Methods," Proceedings of Statistics Canada Symposium 2016, (2016), <https://www150.statcan.gc.ca/n1/en/catalogue/11-522-X201700014740>.
16. Canada, Employment and Social Development Canada, *Evaluation of the Canada-Alberta Labour Market Development Agreement Synthesis Report* (2017), <https://www.canada.ca/en/employment-social-development/corporate/reports/evaluations/labour-market-development-agreement-alberta.html>.
17. Employment and Social Development Canada, "Government of Canada announces funding agreements to give Albertans better access to jobs and training."
18. Bob Barnetson, *Canada's Labour Market Training System* (Edmonton: Athabasca University Press, 2018), 78, http://www.aupress.ca/books/120282/ebook/99Z_Barnetson_2018-Canadas_Labour_Market_Training_System.pdf.
19. Government of Canada, "Budget 2018 – Reconciliation," accessed January 13, 2019, <https://www.budget.gc.ca/2018/docs/themes/reconciliation-reconciliation-en.html>.
20. Government of Alberta, "Community Adult Learning Program," accessed January 21, 2019, <https://www.alberta.ca/community-adult-learning-program.aspx>.
21. Government of Alberta, *Increasing Learner Access through System Alignment: Final Report of the Community Adult Learning Task Team*, (2010), <https://open.alberta.ca/dataset/9749682d-d1e8-41eb-8543-6f2726a7043b/resource/3b458d06-0353-4116-a971-8a670c5b3120/download/5023224-aet-increasing-learner-access-through-system-alignment-2010-01-18.pdf>.
22. Alberta, Ministry of Indigenous Relations, *Business Plan 2018-21*, <https://open.alberta.ca/dataset/a34b5d48-bd9a-4f9f-97ee-897f7c35f221/resource/d8ef9a52-264a-4812-9ea5-1ac264047cf5/download/indigenous-relations.pdf>.
23. Government of Alberta, "Employment Partnerships Program," accessed January 22, 2019, <http://indigenous.alberta.ca/Employment-Partnerships-Program.cfm>.
24. R.D. Kneebone, *Provincial Budgetary Implications of the Trades Training Program*, (Calgary: Momentum Community Economic Development, 2004), <https://momentum.org/wp-content/uploads/2018/02/Trades-Training-ROI-update.pdf>

25. Alberta, Ministry of Labour, Canada-Alberta Job Fund Agreement 2017/2018 Annual Report to Albertans, <https://open.alberta.ca/dataset/8c0c0ec0-48ec-433f-b205-8183ce40f281/resource/322ee036-c235-4390-9347-99ce5bba5965/download/cajf-annual-report-2017-2018.pdf>.
26. Government of Alberta, "STEP 2019 ready to help employers and students," press release, January 2, 2019, <https://www.alberta.ca/release.cfm?xID=62305CBD8655A-A84C-4B6B-33013B12F9E8CD0A>.
27. Government of Alberta, Alberta Minimum Wage Profile April 2017 – March 2018, <https://work.alberta.ca/documents/alberta-minimum-wage-profile.pdf>.
28. Government of Alberta, "Workforce Partnerships," accessed January 9, 2019, <https://www.alberta.ca/workforce-partnerships.aspx>.
29. Alberta Human Resources and Employment, Building and Educating Tomorrow's Workforce: Alberta's 10 Year Strategy (Edmonton: Government of Alberta, 2006), <https://work.alberta.ca/documents/betw-strategy.pdf>.
30. Alberta Auditor General, Alberta Labour – Systems to Update Alberta's Workforce Strategies (2018), 1, <https://www.oag.ab.ca/reports/labour-pa-ws-nov-2018>.
31. Ibid, 8.
32. Government of Alberta, Alberta Labour Force Statistics January 2019, <https://open.alberta.ca/dataset/b754ca87-2e9b-4a80-b7b2-2cfef8e53ff4/resource/4f739c15-c042-4135-9240-d2846eb48b6d/download/public-package-2019-01.pdf>.
33. Government of Alberta, Labour Force Statistics – January 2019, Alberta Indigenous People Living Off-Reserve Package, <https://open.alberta.ca/dataset/e8afe142-162f-4656-946e-1b3472c9ba83/resource/c47b2dd0-4ac5-4a50-8f49-d5484b3733b6/download/indigenous-package-2019-01.pdf>.
34. Statistics Canada, Table 14-10-0083-01 Labour force characteristics by immigrant status, annual, <https://www150.statcan.gc.ca/t1/tb11/en/tv.action?pid=1410008301&pickMembers%5B0%5D=1.14&pickMembers%5B1%5D=3.8&pickMembers%5B2%5D=4.1>.
35. Ministry of Labour, Canada-Alberta Job Fund Agreement 2017/2018 Annual Report to Albertans.
36. Ibid.
37. Alberta, Ministry of Advanced Education, Business Plan 2018-21, <https://open.alberta.ca/dataset/1a50e092-9b23-4f7c-93a9-a13e9264c1ed/resource/026becfa-0ae3-4da4-ad85-3631b4e577e8/download/advanced-education.pdf>.
38. Momentum, Business Training: A Great Return on Investment, (Calgary: Momentum Community Economic Development, 2014), <https://momentum.org/wp-content/uploads/2018/02/Business-Training-A-Great-Return-on-Investment.pdf>.
39. Daniel Munro, "Developing Skills: Where Are Canada's Employers?" Insights - Conference Board of Canada newsletter, 2014, accessed December 12, 2018, https://www.conferenceboard.ca/newsletter/archive/2014/jan2014/hot-topics-in-education/2014/03/20/Developing_Skills_Where_Are_Canada_s_Employers.aspx?AspxAutoDetectCookieSupport=1#ftn3-ref.
40. Karen Myers and Patrice de Broucker, Too Many Left Behind: Canada's Adult Education and Training System (Ottawa: Canadian Policy Research Networks, 2006), 46, <http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.606.8085&rep=rep1&type=pdf>.
41. Andrea Holmes and Josh Hjartarson, Moving Forward Together: An Employer Perspective on the Design of Skills Training Programs in Ontario (Ontario Chamber of Commerce, 2014), 9, https://occ.ca/wp-content/uploads/Moving_Forward_Together-1.pdf.
42. Government of Alberta, "Support for workers affected by coal phase out," accessed January 23, 2019, <https://www.alberta.ca/support-for-coal-workers.aspx>.
43. Emploi Quebec, "Employment Integration Program for Immigrants and Visible Minorities (PRIIME)," accessed on December 20, 2018, <http://www.emploi-quebec.gouv.qc.ca/en/citizens-pgu/starting-a-new-job/employment-integration-programs/employment-integration-program-for-immigrants-and-visible-minorities-priime/>.
44. Infrastructure Ontario, "Community Benefits," accessed January 22, 2019, <http://www.infrastructureontario.ca/Community-Benefits/>.
45. Crosslinx Transit Solutions, Community Benefits Program – Quarterly Report Apr 1-June 20, http://thecrosstown.ca/sites/default/files/quarterly_report_q2_2018.pdf.
46. Ibid.
47. Richard Blakely and Stuart Barber, "Green Skills Partnership," presented at the Skills Needs in Greening Economies conference, Brussels, Belgium, http://resourcecentre.etuc.org/spaw_uploads/files/Green%20Skills%20Partnership%20presentation%20Brussels%20FINAL%20%5BRead-Only%5D.pdf.
48. Government of Manitoba, "Hydro Northern Training Initiative," accessed December 19, 2018, <https://www.gov.mb.ca/tce/hnti/index.html#anchor2>.
49. Shauna MacKinnon, Decolonizing Employment (Winnipeg: University of Manitoba Press, 2015), 109.