



national  
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In Defense of  
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**The federal government's  
disappearing act**

Since 1995, **the federal government has been phasing out all purchase of labour market training** including apprenticeship, skills training, cooperative education, and workplace based training.

The government of Canada has purchased training courses from both public and private sources to help trainees acquire new occupational skills, academic upgrading or language training through government-to-government agreements, local purchase agreements and co-ordinating group purchases. **This program has been eliminated.**

The government of Canada has purchased the classroom portion of training for apprenticeable trades from public sector colleges. **This program has been eliminated.**

The government of Canada has provided assistance to schools, colleges and universities for programs linking learning to employment. **This program has been phased out and no new projects will be supported.**

The government of Canada has provided assistance to employers to meet skill needs, to retain workers, or to help members of designated groups, by providing formal training, based in the workplace, with possible off-site classroom training. **Federal support for this program ended March 31, 1996.**

In addition, the *Unemployment Insurance Act* and the *National Training Act* were replaced by the *Employment Insurance Act*. Throughout this paper, we purposely use the term Unemployment Insurance because we believe that the government must amend the *EI Act* and use the UI fund for its intended purpose, i.e. provide support for unemployed workers.

**Provinces and territories are now  
responsible for employment  
services**

According to the federal government, some provinces and territories have long lobbied for the devolution of responsibility for labour market planning and programs to provincial and territorial governments. In response to some provinces' pressures and the desire to reduce federal expenditures, the federal government

announced its complete withdrawal from the area of labour market programs.

With the exception of direct income support to regular Unemployment Insurance claimants, all other existing federal labour market programs are currently being, or will soon be devolved to the provincial governments. The only areas staying with the federal government for sure are a small number of what are termed “Pan-Canadian” initiatives, funded by the UI account, such as a national labour market information system, a labour market exchange, infrastructure support for sectoral councils and the Canadian Labour Force Development Board.

**The federal government is creating inequalities between Canadians**

By giving up delivery of employment programs and services to the provinces and territories, the federal government is creating inequalities in the ability of Canadian citizens to access these programs and services, as access will vary depending in which province or territory the claimants reside in. We will witness the development of a patchwork of programs and services as each province and territory will set up its own labour market planning without national coherence or standards put in place.

While the federal government intends to continue to maintain a minimum national employment service to help match employers to workers, it appears that this will be provided through automated systems.

**Governments are ostracizing their most vulnerable citizens**

Therefore, Human Resources Development Canada (HRDC) is proceeding with plans to reduce staff, and in some cases, close offices by using automated kiosks as substitutes for front-line workers. There are two problems. First, these changes will mean the loss of significant numbers of positions among HRDC front-line staff. Second, those already at a disadvantage in getting adequate service due to low literacy or poor English or French language skills will find themselves struggling with computerized programs. These kiosks will eventually be used to apply for UI programs, remit weekly cards, allow self-assessment of accessibility to other UI programs, do skills analysis and search for

jobs. Those unable to use the kiosks will have to travel considerable distances to find a human able to assist them.

This is somewhat distressing when we know that polls show that 8 out of 10 clients want personal interviews with employment counsellors and less than 1 out of 10 claimants prefer computer based services.

**The new system is a breathing ground for the privatization of employment services**

Employment support services in the form of career planning, job search assistance, service referrals, and other related functions are being and will increasingly be delivered by community and private sector organizations, including those in the for-profit sector. Delivery of employment benefit tools will also be in the hands of either the provincial government or a third party agency. These third parties can be either the same groups providing employment assistance services or any number of other public or private non-profit or for-profit organization from community agencies to Boards of Trade and local business groups.

**Third party agencies will have sweeping discretionary powers over funding use**

Third party agencies will have sweeping discretionary powers over fund allocation to individuals or organizations and employers. Third party agencies will have the decision-making power over who gets access to these tools, how much support they get, what form the support will take (more loans, very little grants), and what portion of the funds will go towards different employment programs and services and to current versus former UI claimants.

**The *EI Act* makes it harder for unemployed, part-time, seasonal and young workers to break away from the shackles of unemployment**

Labour market agreements reached between the provinces/territories (Ontario hasn't signed its agreement yet) and the federal government apply to Unemployment Insurance claimants only. However, the changes to Unemployment Insurance spell less benefits and restricted eligibility for claimants.

- The duration of the benefit period has been cut in half; this means that over a million claimants use up their benefits long before finding employment;

- Under the new hourly system, full-time workers will need 14 to 26 weeks to qualify for benefits;
- Part-time workers, 70% of which are women, now need the same number of weeks as full-time workers in order to qualify, but more than twice the hours a week (35 hours as opposed to 15 under UI);
- The minimum time needed for new entrants to qualify has been increased from 20 to 26 weeks, or 910 hours, that's three times more of what was needed before. Close to half a million part-time and seasonal workers who were eligible under the previous eligibility rules will be left in the cold, they will be denied benefits.
- The benefit rates have gone down to 55% from 60% of earnings for all claimants;
- There are now penalties on the benefit rate for claimants collecting UI more than once every five years. This is a direct attack on seasonal, part-time and young workers.

**Misuse of the Unemployment Insurance fund**

Provinces already having similar employment programs to that of the federal government, can integrate Unemployment Insurance tools into their own existing programs with the federal government covering the cost from the Unemployment Insurance fund. This represents a major shift in the use of the UI fund as less of the fund is being used to provide unemployment benefits to unemployed workers. On a national level, only 43% of the unemployed presently qualify for so-called "employment insurance" while the UI fund to which they contribute has a surplus of \$15 billion, a surplus which is expected to grow to \$19 billion next year and \$25 billion by the year 2000. In addition, the cuts in benefits have been used to finance 45% of the federal deficit.

**Structural unemployment**

Canada has been caught up in structural unemployment for some time. Structural unemployment refers to people being unable to find work due to a distortion between the workers'

experience and qualifications, and the demands of the workplace. Federal and provincial governments respond to this crisis by cutting funding to training, apprenticeship, basic skills, skills training and employment programs and services. The result of our governments' action (or inaction) is a dual labour market where jobs in the primary market are characterized by high wages, good working conditions, employment stability, chances of advancement and equity. In contrast, jobs in the secondary labour market tend to have low wages and fringe benefits, poor working conditions, high labour turnover and little chance of advancement.

### **A step backwards**

The federal move to download its direct responsibility for employment services is a major step backwards in our collective efforts to address the serious problems of unemployment, underemployment and poverty in our nation. With the absence of directions and requirements for a national labour market strategy, how can provinces hope to implement a successful, coherent and consistent plan to provide employment services and to redress the unemployment situation?

### **Our position**

In the face of the federal government's dismantling of yet another part of the social safety net, it is the position of the **National Union** that

- the federal government must continue to fund labour market training, including apprenticeship, skills training, and basic skills by purchasing training seats in publicly funded community colleges;
- the Unemployment Insurance fund must be used solely towards income support for unemployed workers;
- the EI Act must be amended to restore benefits to previous levels and to loosen eligibility rules;
- computerized kiosks must not replace front-line workers such as counselors, case workers;
- the federal government must establish national

standards in the provision of employment services and programs;

- contracting-out must not be used in providing employment programs and services.