

GOVERNMENT OF NEWFOUNDLAND AND LABRADOR

2018-19 Annual Plan



Canada-NL Labour Market Development Agreement (LMDA)

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Labour Market Transfer Agreement Overview

The Government of Canada provides approximately \$3 billion annually in funding to provinces and territories (P/Ts) to deliver a range of training and employment programming for Canadians. The programs and services funded under labour market transfer agreements were designed by P/Ts to meet the needs of a wide variety of clients, including unemployed workers eligible for Employment Insurance (EI), unemployed workers not eligible for EI, low-skilled employed workers, persons with disabilities and older workers.

Building on what was heard during the 2016 labour market transfer agreement consultations and through discussions at the Forum of Labour Market Ministers (FLMM), the Government of Canada is working with P/Ts to reform the labour market transfer architecture by rationalizing and expanding the labour market transfer agreements.

Specifically, the Government of Canada is strengthening the Labour Market Development Agreements (LMDA), and introducing new Workforce Development Agreements (WDA) that consolidate the Canada Job Fund (CJF), Labour Market Agreements for Persons with Disabilities (LMAPD) and the Targeted Initiative for Older Workers (TIOW).

The Government of Canada has committed to supplement the LMDAs with an additional \$1.8 billion over six years (2017-18 to 2022-23), starting with an additional \$125 million in 2017-18.

Note on the Annual Plan

Information on Newfoundland and Labrador's labour market is collected from several sources, including available federal and provincial information on labour market trends, economy and population statistics.

Provincial Labour Market Overview and Conditions

Economic factors continue to impact the province's labour market landscape and persist in influencing the provincial economic outlook:

- Labour Force Survey data has indicated a decrease in employment, from 232,600 in 2016 to 224,100 in 2017.
- The unemployment rate has increased slightly from 13.4 per cent in 2016 to 14.8 per cent in 2017.
- Census 2016 reports a provincial median age of 46.0 versus 41.2 for Canada.

As in the previous year, prospects for economic activity in Newfoundland and Labrador remain modest as the province continues to experience a period of adjustment. The Government of Newfoundland and Labrador has and continues to implement initiatives to reduce spending and support economic growth while taking action to avail of new opportunities for service improvement, program transformation and economic growth.

Labour market transfer agreements are a critical source of employment and skills training, providing essential supports for citizens to build better futures. With a strong focus on skills development in the 2017 Federal Budget, Newfoundland and Labrador is encouraged by the Federal Government's commitment to increase investments in labour market transfer agreements over the next six years.

The successful application of programming and services under labour market transfer agreements continues to assist in mitigating the effects of economic downturns and has demonstrated positive outcomes and impacts on clients, employers, and communities in Newfoundland and Labrador. The Government of Newfoundland and Labrador has successfully implemented programming and services under labour market transfer agreements, by providing flexible, responsive and innovative programs and services designed to help in training residents to address labour market demands; support displaced workers impacted by labour force adjustments and company closures; and address new and ongoing challenges and opportunities.

Newfoundland and Labrador remains committed to working with the Federal Government to develop innovative solutions to grow the province's economy and address its labour market challenges and opportunities. Labour market transfer agreements will continue to be a critical tool to allow our province to:

- Capitalize on labour market opportunities;
- Collaborate and synchronize with the Federal Government in creating jobs and growing the economy in key areas such as advanced manufacturing, agri-food, clean technology, digital industries, health/bio-sciences and clean resources; and
- Develop a long-term approach to expand the pool and capacity of the province's economic wealth generators, innovation and growth-focused businesses, social enterprise development, the promotion of new areas of mineral resources to stimulate increased activity in the mining sector, support the growth of the aquaculture, agriculture and technology industries, and establish an Oil and Gas Industry Development Council to position Newfoundland and Labrador globally as a preferred location for oil and gas development.

The Department of Advanced Education, Skills and Labour 2018-19 Annual Plan

The Department of Advanced Education, Skills and Labour (AESL) 2018-19 Annual Plan outlines priority objectives and strategic investments, which the LMDA will support during the period from April 1, 2018 to March 31, 2019.

Provincial investment priorities for fiscal year 2018-19 include:

- Provide mechanisms to develop a highly educated and skilled workforce;
- Implementation of initiatives to support a strong labour supply to meet evolving labour market demands with a focus on under-represented groups;
- Continued development of a comprehensive human resource plan as identified in the Government of Newfoundland and Labrador's "*The Way Forward*" policy document to support sector diversification and the development of a productive and knowledge-intensive economy; and
- Developing a responsive and adaptive workforce, through effective employment and skills training programming, with a focus on unemployed and underemployed individuals from under-represented groups (women, persons with disabilities, Indigenous groups, youth, and mature workers).

On November 9, 2016, the Government of Newfoundland Labrador released "*The Way Forward: A Vision for Sustainability and Growth in Newfoundland and Labrador*". This vision continues to guide Provincial Government actions to achieve greater efficiency, strengthen the province's economic foundation, enhance services and improve outcomes to promote a healthy and prosperous province. At the beginning of each fiscal year, our Government will announce priority actions to help achieve this vision.

Phase 2 of the vision, *The Way Forward: Realizing Our Potential* was launched in March 2017 and Government initiatives in 2017-18 included:

- Establishment of a Cabinet Committee on Jobs and the pursuit of new actions in collaboration with industry with a commitment to foster an environment where business can excel;
- Enhancement of apprenticeship training opportunities through flexible online offerings available for plumbers, construction electricians, welders, automotive service technicians, and carpenters;
- Continued entrepreneurial supports for youth, women, and new immigrants through loan provisions, educational initiatives, and new entrance pathways for immigrant entrepreneurs;
- More focused government supports on sectors with high growth potential to maximize growth and economic output. High performing firms were identified based on criteria such as Gross Domestic Product (GDP), levels of employment, opportunities for diversification within the firm, and supports to encourage internationalization;
- Establishment of tailored assistance to the agriculture and forestry sectors, collaboration with the tourism industry to create a sense of arrival at all entry points to the province, and the development of a new cultural plan;
- Creation of an action plan to increase the number of social enterprises in Newfoundland and Labrador; and
- Supporting and coordinating industrial development via Regional Innovation Systems pilot projects in Fisheries and tourism, Forestry and agriculture, Aerospace and defence, Industrial technology development, and Ocean technology sectors.

The Labour Market Development Agreement

The LMDA is the single largest federal transfer to P/Ts, representing a total of about \$1.95 billion in funding. This agreement is entirely sourced from the EI premiums paid by employees and employers and provides funding to design and deliver employment and training programs to EI-eligible clients, as well as employment services to all unemployed Canadians.

In 2017-18, through the management of the programs and services funded under EI Part II, or Employment Benefits and Support Measures (EBSMs) (approximately \$130 million in annual program funding), the Department of AESL maximized the opportunities provided by the LMDA.

The new generation of LMDAs will:

- Provide improved administrative efficiency;
- Remain the primary responsibility of the P/Ts with respect to the design and delivery of the employment and training programs funded under the Agreement;
- Provide eligible clients access to employment and training programming that addresses critical points along the path to full participation in the labour market;
- Highlight the importance of continuous improvement based on strengthened labour market information, sharing best practices, and fostering innovation;
- Provide transparency and accountability in use of funding and the public reporting of outcomes under this Agreement; and
- Contribute to the development of performance measurement systems to track outcomes and demonstrate results to inform program and policy development.

Canada and Newfoundland and Labrador share a common vision to support the employment and training needs of Canadian labour market through an integrated, client-centered, outcomes-driven, employment and training model which is responsive to the evolving needs of individuals, employers, and communities.

Objectives of the agreement include:

- Fostering inclusive labour market participation by helping individuals access labour market opportunities and by supporting successful integration of individuals facing obstacles to finding and maintaining employment;
- Alignment of skills with labour market needs to help workers and employers access the skills required to adapt to the changing requirements of jobs and the labour market, and by encouraging employer involvement in training and continuous learning opportunities for workers; and,
- Creation of efficient labour markets by supporting strong and responsive labour market infrastructure to allow for timely and effective labour market programming, which contributes to improved productivity and economic growth.

The following principles will guide the agreement:

- Client-centered: Flexibility to meet the needs of unemployed, underemployed and precariously employed individuals and employers using the best available labour market information; and minimize barriers in accessing programs and supports;
- Inclusion: Support underrepresented groups and those further from the labour market;
- Outcomes-focused: Track measurable milestones and targets, and develop ways to measure different forms of progress (e.g., improved employability);

- Flexibility and Responsiveness: Flexibility to address local labour market priorities and respond to emerging issues;
- Innovation: Identify and explore collaborative models for innovation, including continuous sharing of best practices and lessons learned; and
- Engagement: Collaboration and partnership between Federal and P/T governments; engagement with and services through Indigenous partners; consultation and engagement with stakeholders, and coordination to enhance program complementarity.

Newfoundland and Labrador is committed to supporting flexibility in eligible programming under the following areas of focus.

- Training: Improve levels of literacy, essential and work-related skills, and support upskilling for the employed and underemployed;
- Supports: Provide continuum of needs-based services to maximize potential impact of training, and continue to support persons with disabilities to enter and stay in the labour market;
- Employment Partnerships: Work in partnership with employers and other stakeholders to promote awareness and expand the availability, accessibility and quality of employment opportunities; and
- Building Knowledge: Inform priorities with labour market information to better meet skills needs and market demand, enhance the knowledge base to support continuous improvement of labour market policies and programs; and support new and innovative approaches to meet the diverse needs of clients, including underrepresented groups.

Development and Delivery of Programs

While there are differences between client types and needs, and programs and services delivered, results of the LMDA have consistently demonstrated positive outcomes and impacts for clients, employers, and communities in Newfoundland and Labrador. Investments made through the LMDA enable the province to capitalize on a variety of economic and advanced educational opportunities and outcomes leading to job creation and growth. Evidence demonstrates that clients develop skills, get jobs, and maintain employment as a result of their participation in employment and skills training programs.

As per Budget 2016, the definition of “EI Client” has been expanded to include those individuals that have paid EI premiums in at least five of the last 10 years. This is noteworthy as these changes will result in an increase in client eligibility for LMDA programs and services, and those seeking employment and training supports through the LMDA.

Newfoundland and Labrador’s program and service delivery models contribute to a stronger economic and labour environment by:

- Ensuring the province has the skilled workforce and highly educated graduates to participate in and contribute to their communities;
- Strengthening the workforce through education, training, financial and social supports;
- Creating and equipping the province’s workforce to meet current and future provincial labour market demands;
- Providing guidance and support to employers to recruit and retain the necessary workforces to grow their businesses;
- Offering guidance and support to residents in order to achieve the greatest benefit from the opportunities that exist in the province;
- Enhancing client case management;
- Supporting residents with career decisions and securing and retaining employment; and
- Providing guidance and support for the development of policy and procedures on employment and training programs.

During fiscal year 2018-19, Newfoundland and Labrador will deliver the following benefits and measures:

- ***Wage Subsidies*** – Newfoundland and Labrador will provide funding to employers to encourage them to hire EI-eligible clients whom they would not normally hire in the absence of a subsidy. This will include the continuation of enhanced supports and services to encourage employers to hire apprentices. Newfoundland and Labrador may also provide related employment supports to eligible individuals, including tools, equipment and short-term training.
- ***Job Creation Partnerships (JCP)*** – Newfoundland and Labrador will provide financial support, in partnership with employers and/or community organizations, to projects that provide EI-eligible clients with work experience and skills to achieve ongoing labour market attachment.
- ***Self-Employment Assistance (SEA)*** – Newfoundland and Labrador assists EI-eligible clients in establishing their own businesses and becoming self-employed by providing self-employment services, such as entrepreneurship training, customized coaching, ongoing advice, and client supports.
- ***Skills Development*** – Newfoundland and Labrador will provide a benefit for the education and training of EI-eligible clients so they can obtain the skills necessary for employment. This benefit will include direct financial assistance to EI-eligible clients participating in training, as well as the

incremental costs associated with these individuals attending a provincially approved training institution.

- ***Employment Assistance Services (EAS)*** – Newfoundland and Labrador will continue to provide EAS to assist clients in preparing for, attaining and maintaining work. Services may include needs determination, employment counseling, job search training, and provision of labour market information. Services will be available to unemployed persons and job seekers. Newfoundland and Labrador is currently exploring opportunities to expand EAS capacity.
- ***Labour Market Partnerships (LMP)*** – Newfoundland and Labrador will provide funding to support employers, employer or employee associations, community groups and communities in developing and implementing labour market strategies and activities for dealing with labour force adjustments and meeting human resource requirements. LMPs may be used to provide assistance for employed persons who are facing loss of employment.
- ***Research and Innovation (R and I)*** – Newfoundland and Labrador will continue to support activities that address policy and program issues or research questions related to strategic priorities; research and/or design projects that are practical and that identify innovative and better ways of helping Newfoundlanders and Labradorians prepare for, find, return to, or maintain sustainable employment. This work is advanced through the recently established Workforce Innovation Center.

LMDA Investment Plan, Accountabilities and Targets

AESL is responsible for administering the LMDA. In 2018-19, Newfoundland and Labrador's notional LMDA allocation is \$133,586,967.

Expenditures and program accountabilities for 2018-19 are listed as planned or forthcoming in this document. Finalization of these numbers will coincide with the release of the *EI Monitoring and Assessment Report 2017-18* in March 2019.

Provincial Financial Investment

Planned and historical expenditure trends are outlined below.

Benefits and Measures	Planned Investment and Expenditure									
	2014-15 Expenditure		2015-16 Expenditure		2016-17 Expenditure		2017-18 Expenditure**		2018 - 19 Planned	
Skills Development	\$94.8M	77.3%	\$92.6M	77.0%	\$96.0M	75.3%	\$94.2M	72.3%	\$93.1M	69.7%
Labour Market Partnerships	\$1.3M	1.1%	\$1.0M	0.8%	\$2.7M	2.1%	\$3.6M	2.8%	\$4.0M	3.0%
Wage Subsidies	\$7.9M	6.4%	\$7.4M	6.1%	\$5.9M	4.6%	\$6.4M	4.9%	\$6.9M	5.1%
Self-Employment Assistance	\$5.4M	4.4%	\$5.3M	4.8 %	\$6.2M	4.9%	\$7.4M	5.7%	\$7.5M	5.6%
Job Creation Partnerships	\$8.2M	6.7%	\$8.1M	6.7%	\$9.8M	7.9%	\$8.5M	6.5%	\$8.1M	6.1%
Employment Assistance Services	\$5.0M	4.0%	\$5.3M	4.4%	\$6.3M	5.0%	\$7.1M	5.4%	\$10.5M	7.9%
Research and Innovation	\$0.0M	0%	\$0.0M	0%	\$0.3M	0.2%	\$3.1M	2.4%	\$3.5M	2.6%
Total	\$122.6M		\$119.7M		\$127.5M		\$130.3M		\$133.6M*	

*2018-19 includes EI Part II initial allocation of \$125,302,785. Plus an additional allocation in 2018-19 (\$8,284,182). The total does not include administrative costs.

**Fiscal expenditures for 2017-18 will be confirmed in the LMDA Annual Audit.

LMDA Program Accountabilities and Targets

As per Article 8 of the Canada-Newfoundland and Labrador LMDA, annual targets for results indicators are developed based upon historical data, socio-economic and labour market context, local or regional priorities, client characteristics or requirements, and the funds available for the Newfoundland and Labrador Benefits and Measures. Historical and proposed targets are reported below for the three results indicators:

1. Active EI Claimants Accessing Newfoundland and Labrador Employment and Benefit Support Measures

Number of EI-eligible clients in receipt of Newfoundland and Labrador Benefits who are active EI claimants.

	Active EI Claimants Accessing NL EBSMs				
	2014-15	2015-16	2016-17	2017-18	2018-19 (Proposed)
Targets	9,500	9,400	9,200	9,000	9,000
Actuals	8,591	8,941	9,308	TBD	

2. EI Claimants Returned to Employment

Number of EI-eligible clients and active EI claimants who become employed or self-employed before or after their benefit period ends.

	EI Claimants Returns to Employment				
	2014-15	2015-16	2016-17	2017-18	2018-19 (Proposed)
Targets	5,600	5,600	5,600	5,000	4,000
Actuals	3,298	3,331	3,696	TBD	

3. Savings to the EI Account

Savings to the EI Account as a result of active EI claimants becoming employed before making a full draw on their insurance entitlement.

	Savings to the EI Account				
	2014-15	2015-16	2016-17	2017-18	2018-19 (Proposed)
Targets	\$24.0M	\$24.0M	\$24.0M	\$24.0M	\$24.0M
Actuals	\$ 25.3M	\$22.27M	\$23.2M	TBD	

Funding Projection

The Federal Government's annual allocations for contributions towards the costs of the NL Benefits and Measures and the one-year projection.

	Annual LMDA Allocations*				
	2014-15	2015-16	2016-17	2017-18	2018-19
Allocation	\$127,992,000	\$126,780,000	\$130,541,694	\$130,252,894	\$133,586,967

*Excludes administrative funding

Stakeholder Engagement

The Government of Newfoundland and Labrador regularly engages with a broad array of general public and client groups to inform policy and budget priorities and to ensure programs and services are effective and relevant. The Department of AESL works to ensure the province has a highly educated and skilled workforce to meet evolving labour market demands. This includes creating and sustaining a collaborative climate which is conducive to economic growth, competitiveness, and prosperity.

The 2018-19 LMDA and WDA annual plans have been informed via ongoing strategic planning and information sharing with key partners as part of normal program and policy development. Key partners include:

- Employers;
- Community Groups;
- Official Language Minority Representatives;
- Regional Development Agencies;
- Labour Organizations;
- Business and Industry Associations;
- Educational Institutions (Private and Public);
- Student Groups;
- Municipalities;
- Federal Government Departments; and
- Other Provincial Departments.

Examples of engagement and other related activities that have informed the development of the annual planning process to date include:

- ***The Way Forward: A Vision for Sustainability and Growth in Newfoundland and Labrador*** - The vision guides Provincial Government actions to achieve greater efficiency, strengthen the province's economic foundation, enhance services, and improve outcomes to promote a healthy and prosperous province.
- ***The Way Forward on Immigration*** - Informed during public consultations to gather the input of Newfoundlanders and Labradorians on immigration and to inform the development of the immigration action plan. The five-year action plan outlines provincial actions and supports to collectively attract and retain immigrants with skills needed to build and contribute to the economy.
- **Cabinet Committee on Jobs** - The diverse companies and industry associations that make up Newfoundland and Labrador's dynamic technology sector have partnered with the Provincial Government in joint decision making aimed at stimulating new business activity and creating new private sector jobs for residents throughout the province. The industry associations leading this partnership are:
 - The Newfoundland and Labrador Association of Technology Industries (NATI), which supports the growth of a provincial advanced technology sector that currently includes more than 165 businesses and employs approximately 4,000 people;
 - The Newfoundland and Labrador Environmental Industry Association (NEIA), which represents over 200 member businesses that are developing clean technology and the growth of the green economy in Newfoundland and Labrador;
 - The Canadian Manufacturers and Exporters (CME), which represents the almost 700 provincially-based manufacturing companies achieving total sales of approximately \$6 billion; and

- The Atlantic Canada Aerospace and Defence Association (ACADA), which supports the development and promotion of the 200 member organizations comprising the aerospace, defence, marine and security industries in Atlantic Canada.
- **Symposium on Impacts of Population Aging and Immigration** - Held in partnership with Memorial University of Newfoundland and the Atlantic Research Group on Economics, Immigration, Aging and Diversity. Brought together key stakeholders to discuss innovative solutions for Newfoundland and Labrador's demographic challenges.
- **Initiatives to Support International Students and Graduates** - Held in partnership with the Association for New Canadians to assist international students and graduates from post-secondary institutions in this province gain meaningful employment in Newfoundland and Labrador.
- **Indigenous Leaders Roundtable** - Provided a new forum through which Indigenous Governments and Organizations can make progress on matters of common interest with the Provincial Government.
- **Provincial Tourism Product Development Plan** - Developed in coordination with industry and substantial stakeholder consultation, analysis and prioritization to create strategies to foster a strong business environment for private tourism investment and focusing public resources in product development areas that provide the greatest return on investment through increased visitation and spending.
- Establishment of the **Oil and Gas Industry Development Council** - A collaborative industry based approach to assess the long-term vision for the province's oil and gas industry and focus on developing a more sustainable and competitive industry.
- **Interdepartmental consultation** - Findings from other Provincial government consultations, entities and initiatives that influenced the priorities incorporated in this Annual Plan:
 - **AESL Strategic Plan** - Provides a framework to strengthen the province's labour supply to take advantage of the many opportunities in a changing economy;
 - **The Department of Tourism, Culture, Industry and Innovation's (TCII) Business Innovation Agenda** - A long-term action plan to expand the pool and capacity of Newfoundland and Labrador's economic wealth generators – innovation and growth-focused businesses;
 - **Workforce Innovation Center (WIC)** - Established to provide a coordinated, central point of access to engage government, career and employment service providers, skills development organizations and stakeholders in the business and community sectors. The WIC's goal is to help research and test new and innovative workforce development models that make direct links to increasing individual employability; and
 - **Office of Public Engagement** - A unique and innovative Provincial Government entity whose activities include engaging the public in deliberative dialogue about sustainability issues and challenges, supporting collaboration between and among rural stakeholders including governments and facilitating and conducting research that helps inform government policy- and decision-making.
- AESL engages with **Official Language Minority Community Representatives** including Réseau de développement économique et d'employabilité de Terre-Neuve-et-Labrador (RDÉE TNL) and the La Fédération des francophones de Terre-Neuve et du Labrador (FFTNL) around the provision of employment benefits and support measures to Francophone communities. This includes:
 - Providing promotional materials for international trade missions;
 - The Department sponsors and participates in the Bilingual Career Orientation and Entrepreneurship Day hosted by RDÉE TNL bi-annually. An AESL booth displays materials related to career and training opportunities. As well, for the November 2016 event, AESL

provided a presentation during the conference portion of the event on career exploration in French; and,

- Collaboration opportunities related to job search and career counselling, including accessibility to materials in French.