

LABOUR MARKET DEVELOPMENTS

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LABOUR MARKET DEVELOPMENTS*

ISSUE DEFINITION

Labour, the most widely used and valued input in Canadian production, is exchanged in a market best described as being in a constant state of flux. **According to recent data, about 5% of the labour force moved into and out of employment in 1998 and 1999. During this period, about 5.5 million workers were hired each year, while about 2.8 million workers quit their jobs and 2.3 million were laid off in each of 1998 and 1999.** Contrary to the widely held belief that economic structural changes have increased the incidence of permanent layoffs, the average risk of a permanent layoff in the early 1990s was similar to that in earlier periods at the same point in the business cycle (see G. Picot and Z. Lin, “Are Canadians More Likely to Lose Their Jobs in the 1990s?,” *Canadian Economic Observer*, September 1997).

Conditions in this market throughout the last two decades and the beginning of the 2000s were influenced by a number of factors, including two major recessions, growth in non-standard employment, rising skill requirements and an increase in the incidence of long-term unemployment. These, and other developments in the labour market that have occurred since the beginning of the last decade, are the subject of this review.

BACKGROUND AND ANALYSIS

The demand and supply of labour in this country is measured officially by Statistics Canada in its monthly Labour Force Survey, which involves approximately 54,000 representative households across the country. This survey is usually conducted during the week containing the 15th day (also known as the reference week). Although the survey is intended to represent the population 15 years of age and over, individuals residing in Yukon,

* The original version of this Current Issue Review was published in January 1989; the paper has been regularly updated since that time.

the Northwest Territories and Nunavut, residents of Indian reserves, full-time members of the Armed Forces and people living in institutions are excluded. The supply of labour is measured by the size of the labour force, including both employed and unemployed individuals. The demand for labour is represented by the employed component of the labour force.

The survey defines as employed those who, during the reference week: did any work at all (work is defined as any work for pay or profit conducted under an employer/employee relationship); were self-employed (this includes those who did unpaid work related to a family farm, or a business or professional practice owned or operated by a family member); or had a job but were unable to work because of sickness, family responsibilities, bad weather, labour dispute, vacation or some other reason (not including waiting to be recalled or planning to start work in the near future). It should be noted that this definition of “employed” does not distinguish between various amounts of time spent working, and thus affords equal weight to full-time and part-time employment.

The survey defines as unemployed those who, during the reference week: were without work, able to work and had been looking for work in the past four weeks (including full-time students looking for part-time work provided they do not report an unacceptable reason for not taking a job); or were waiting to be recalled from a layoff or expecting to start a new job in four weeks or less. The survey thus generates data that present a static picture of the labour market. It does not provide a dynamic perspective which, in any given month, would differentiate between individuals who, for example, were employed all month, unemployed all month, employed for part of the month and unemployed for the rest of the month, were not in the labour force for part of the month but employed for the rest of the month, and so on.

A. Labour Supply

Compared to the previous decade, labour force growth in the 1990s and early 2000s has increasingly relied on net immigration. Between 1991 and 1995, it is estimated that net immigration contributed 1.5 times more to labour force growth than that witnessed throughout the latter half of the 1980s (see F. Denton and B. Spencer, “Population, Labour Force and Long-term Economic Growth,” *Policy Options*, January-February 1998). **By the year 2011, immigration is expected to account for all net labour force growth (Government of Canada, *Knowledge Matters: Skills and Learning for Canadians*, 2002, p. 8).**

Labour force growth in the 1990s was considerably slower than in the previous decade, mainly as a result of a decline in labour force participation (i.e., labour force expressed

as a percentage of the population aged 15 years and over). Throughout the period 1990-1999, the aggregate participation rate declined by 1.5 percentage points. Underlying this trend was the overall decline in labour force participation among workers 15 to 24 years of age and workers 55 years of age and more. As illustrated in Chart 1, the drop in the youth participation rate commenced just prior to the onset of the 1990-1991 recession. **After reaching a peak of 70.6% in 1989, the youth participation rate declined steadily to 61.5% in 1997, rising to 64.7% in 2001.** While it is tempting to attribute this trend exclusively to cyclical factors, there appears to be more to it than a discouraged worker effect (i.e., unemployed individuals withdrawing from the labour market because they believe that no jobs are available). **According to a recent study, more than two-fifths of the decline in the youth participation rate between 1989 and 1996 is attributed to an increase in school enrolment (see *Applied Research Bulletin, Human Resources Development Canada, Vol. 3, No. 2, Summer-Fall 1997*).** During this period, the proportion of 15 to 24 year olds attending school increased by 8.8 percentage points to 56.5%, an upward trend that is only partially attributed to cyclical factors. Hence, even as the economy continues to grow, we can expect the youth participation rate to remain below that witnessed before the turn of the last decade. **Although the level of youth labour force participation has increased since the beginning of this decade, the participation rate for youths in 2001 remains well below their level of participation in the labour force 10 years earlier.**

Chart 1: Labour Force Participation by Age, Both Sexes

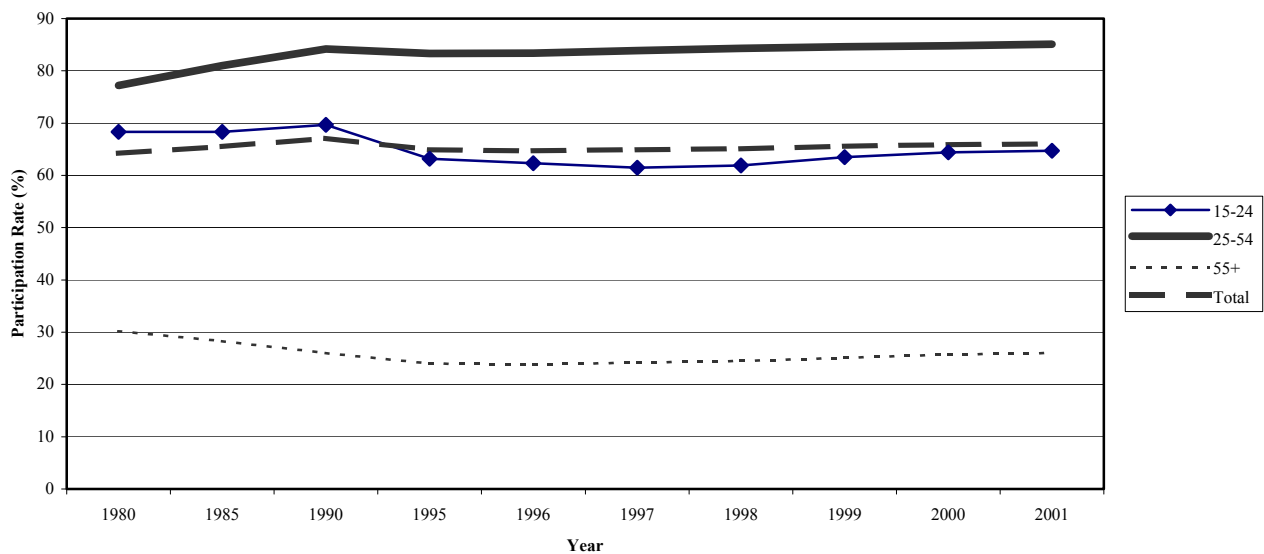


Chart 1 also depicts an overall decline in the participation rate among older workers. The decline in labour force participation for this group is entirely attributed to the decline in the participation rate of older men. **Since the beginning of the 1980s, the participation rate among men 55 years of age and over has dropped by 11.3 percentage points.** This could be attributed to two factors – a trend toward intermittent participation or withdrawal from the labour force altogether (i.e., retirement). According to a recent study, the latter accounts for some three-quarters of the decline in the labour force participation of older men (see D. Gower, “Men Retiring Early: How Are They Doing?,” *Perspectives*, Winter 1995). A stronger economy, however, is expected to draw some older workers back into the labour market, as evidenced by the slight increase in this group’s participation rate since 1996. **In fact, the participation rate of older workers was 26.0% in 2001, the same rate as 1990.**

B. Labour Demand

Not only was there less growth on the supply side, but growth in the demand for labour also waned throughout the 1990s. Average annual employment growth during the period 1990-1999 was almost one-half the annual rate in the 1980s. This dramatic slowdown in job growth led some analysts to suggest that the historical relationship between economic growth and the demand for labour had been altered following the 1990-1991 recession. Some even surmised that Canada was experiencing jobless growth in the initial years of the recovery.

According to the data underlying the 25-year period depicted in Chart 2, a 1% increase in aggregate output produced an average increase of 0.73% in employment. Following the onset of the last recession, this relationship appears to have weakened. In 1992, aggregate employment declined despite the existence of a larger economy. **In addition, for each 1% increase in GDP during the period 1992-2001, aggregate employment increased on average by only 0.42%; this is 0.43 of a percentage point below the average increase in employment witnessed in the eight years of economic recovery following the 1981-1982 recession.** According to recent research, one reason for the slowdown, at least during the early part of this period, was excessive growth in real wages. Between the 1st quarter of 1991 and the 4th quarter of 1993, real wage growth outpaced productivity growth by some 1.5 percentage points. Higher premiums for Unemployment Insurance, the Canada Pension Plan and workers’ compensation contributed to this situation. This research also concludes that the historical relationship between output and employment has not changed since the beginning of the decade (see P. Masse, *Jobless Recovery: Is It Really Happening?*, Human Resources Development Canada, October 1995).

Chart 2: Ratio of Job Growth to Real GDP Growth

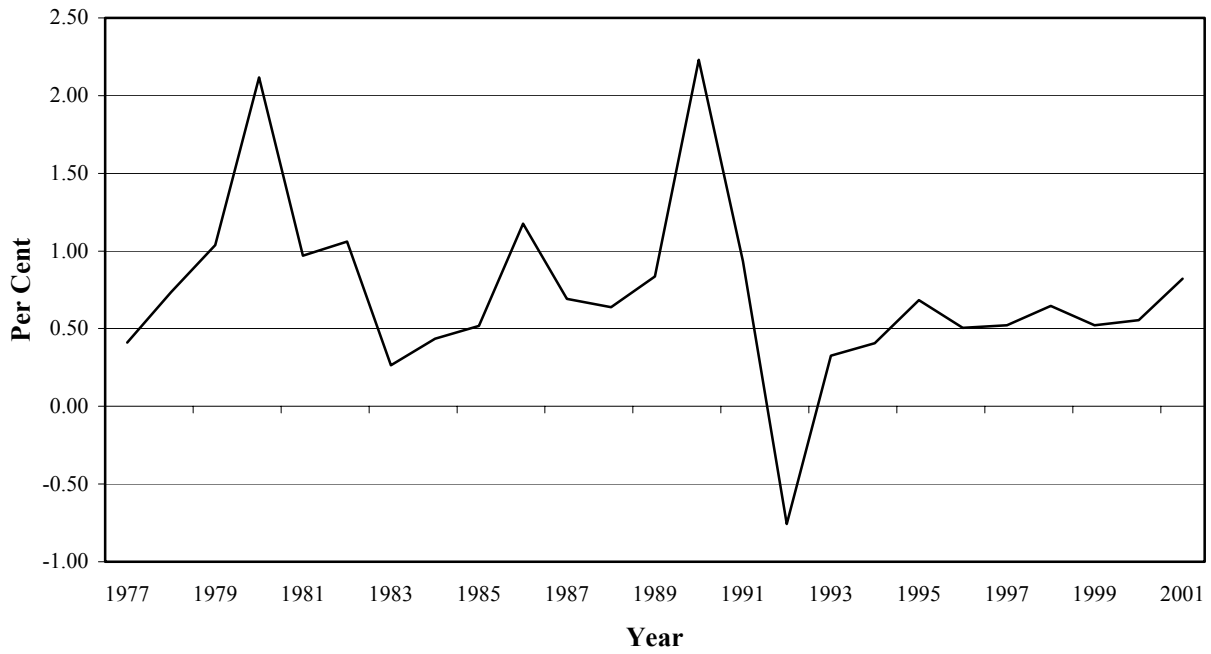
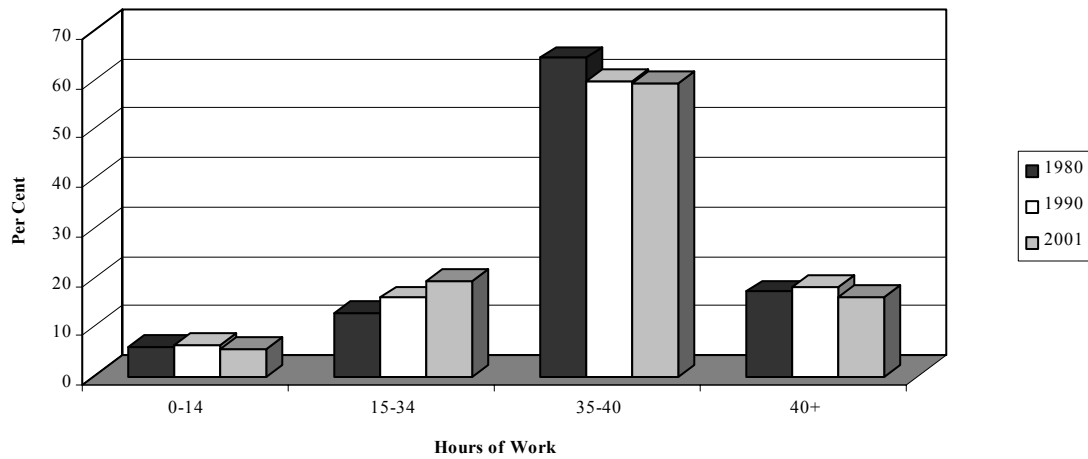


Chart 3: Distribution of Workers by Usual Weekly Hours of Work (Main Job)



While economic growth generated mostly full-time and relatively stable jobs throughout much of the post-war period, this is not the case today. There has been a decline in recent years not only in the growth of full-time jobs, but also in their share of overall employment. Compared to that of the 1980s, today's workplace comprises proportionately higher levels of part-time, short-tenure and contract jobs, collectively called non-standard employment. Self-employment, which has become considerably more commonplace in today's labour market, is included in this category. **Throughout the period 1990-2001, the number of self-employed workers increased by 25.3%, compared to a 13.6% increase in the number of paid employees. This category of employment reached a high point in 1998 and has waned since then, notwithstanding its prominence in today's labour market.**

Despite the continued shift toward non-standard employment, average weekly hours of work have remained fairly stable since 1980. Underlying this apparent stability, however, is a redistribution of these hours, as illustrated in Chart 3. Compared to the beginning of the 1980s, proportionately fewer individuals currently work a "standard" workweek. **In 2001, roughly 25% of all workers usually worked less than 35 hours per week, up by one-third from 1980. The proportion of workers with long hours remained similar in all three periods illustrated in Chart 3. This was not the case in the mid-1990s, however, when the proportion of workers employed in long-hour weeks was somewhat higher.**

The growth in non-standard employment has undoubtedly added flexibility to the workplace, as it permits firms to adjust their labour needs and costs more quickly and accommodate workers who want to work outside the full-time regime. Some observers, however, are concerned about the growth in non-standard work-time, as some of the new arrangements offer workers less job security, lower earnings, and fewer benefits. It has been suggested that the trend toward non-standard employment has contributed to a polarization of earnings (a widening gap between low- and high-wage earners) in Canada. The diminished payback period associated with short-tenure jobs could also discourage investments in human capital and thereby increase structural unemployment (e.g., unemployment resulting from an individual's lack of the skills and qualifications required to fill a specific job vacancy).

Not only is the proportion of labour used in the production of services continuing to increase, but the demand for the skills inherent in this labour is also changing. Over the years, the Canadian labour market has demanded higher skills; this trend is expected to continue in the years ahead. Support for this view is based, in part, on demand-side information generated by the Canadian Occupational Projection System. **According to Human Resources Development Canada's latest publicly available occupational projection, over 70% of all new jobs**

created between 1999 and 2004 will require some form of post-secondary education. In terms of skill levels, 17% of all new jobs created during this period will require management skills, 23.4% will require a university degree, 31.8% will require a community college or trade diploma/certificate, 22% will require a high school diploma and 5.8% will require less than a high school diploma (see Applied Research Branch, Human Resources Development Canada, *Job Futures (2000) World of Work: Overviews and Trends*).

While Canada has the capacity to meet future demands for labour skills in the short term, concern is growing that Canada could face a general labour shortage in the years to come as labour force growth is expected to decline markedly. According to the Conference Board of Canada, there will be a shortfall of nearly one million workers within 20 years. While there is a great deal of uncertainty associated with a 20-year forecast such as this, it is safe to say that Canada, like many other countries, will face an unfamiliar human resources challenge in the next two decades, in terms of ensuring both that an adequate supply of workers exists and that these workers have the skills needed in the labour market.

C. Unemployment

With the onset of the 1990-1991 recession, the steady decline in unemployment witnessed over the latter half of the 1980s came to an abrupt halt. Throughout the period 1990-1992, the level of unemployment increased at an annual average rate of 15.8%, somewhat lower than the rate of increase in the corresponding three-year period in the previous recession. Also, in contrast to the previous recession, Central Canada witnessed the largest relative increase in unemployment during the 1990-1991 recession and the early stages of recovery. Western Canada, on the other hand, witnessed only two years of rising unemployment (compared to four in the previous recession), after which the level of joblessness began to fall. **While the aggregate level of unemployment has steadily declined each year since 1993 (save 2001), it remains slightly above the pre-recession level of 1989. However, when labour force growth during this period is accounted for, the unemployment rate in 2001 was below the rate in 1989.**

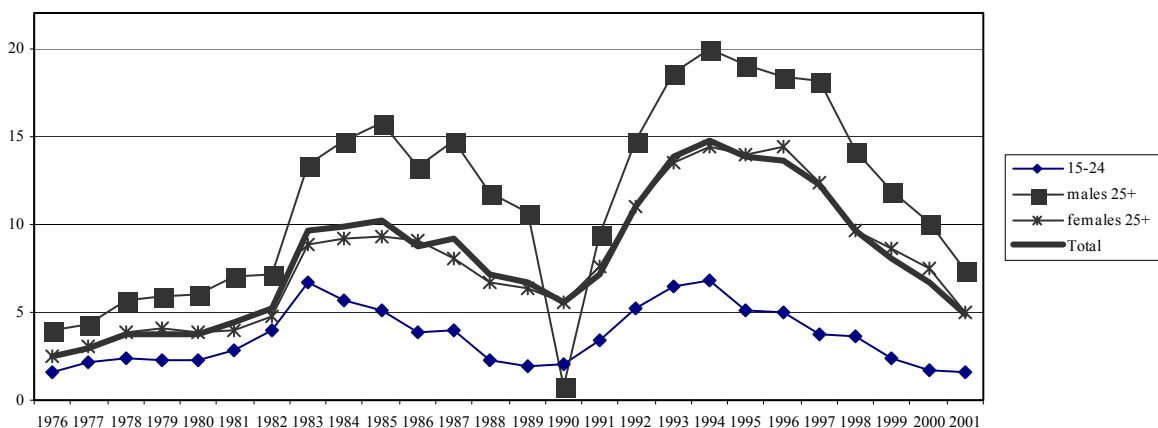
Economic decline usually exerts its greatest initial impact on youth, which is typically sensitive to downside cyclical changes. In the early months of the 1981-1982 and 1990-1991 recessions, the demand for young workers plummeted and the rate of unemployment among

youth increased relative to that among adults. **Although the relative labour market position of youths improved during the 1980s and early 1990s, this trend stopped in 1993; between 1994 and 2000, the relative unemployment rate among youths steadily increased. It decreased, however, in 2001; in that year, the youth/adult unemployment rate ratio was 2.10, comparable to that found in the early 1980s and somewhat lower than in the latter part of the 1970s.**

During both the 1981-1982 and 1990-1991 recessions, the relative position of women in the labour market improved markedly. **In 1982 and 1983, the annual average unemployment rate for women expressed as a proportion of the rate for men was less than one, a situation which until recently was contrary to that usually found elsewhere in the business cycle. While this ratio exceeded one during the period 1985-1989, it dropped below one again in 1990 and has remained equal to or less than one ever since. In 2001, this ratio was equal to 0.91; in that year, the unemployment rate among women was 6.8% compared to 7.5% for men.**

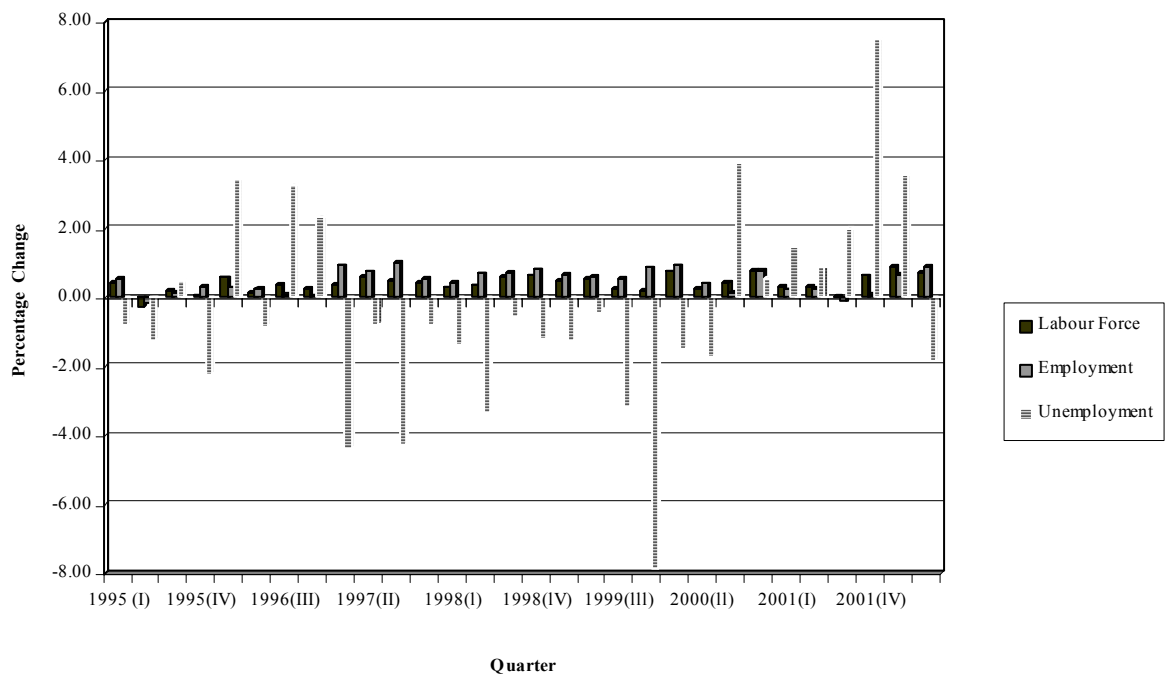
Although numerous important developments have emerged in the labour market since the beginning of the 1980s, many analysts saw the increase in long-term unemployment (i.e., unemployment lasting 53 weeks or more) as particularly significant. As illustrated in Chart 4, the burden of this increase appears to have fallen most heavily on adults, especially men.

Chart 4: Long-term Unemployment as a Percentage of Total Unemployment



Statistics Canada reports that, in 1980, 33,400 individuals – 3.8% of all unemployed workers – experienced an unemployment spell lasting more than one year. Of these, 28% were youths, 24% were adult women and 48% were adult men. **Since then, the incidence of long-term unemployment has fluctuated with the business cycle, reaching its peak in 1994 at almost four times the incidence in 1980. Its composition has changed significantly; in 2001, youth accounted for 9% of all long-term joblessness, while adult women and men accounted for 32% and 59% respectively.** This distribution marks a major shift in long-term unemployment away from youths to adults. **The relative increase in long-term unemployment at the top of the business cycle also suggests that structural unemployment in the 1990s was worse than in the 1980s.**

Chart 5: Quarterly Labour Force Estimates, Percentage Change, Canada, Both Sexes



D. Quarterly Review (2nd Quarter 2002)

As illustrated in Chart 5, labour market conditions improved in the 2nd quarter of 2002. This development brings to an end the steady increase in both the level and rate of joblessness witnessed between the 1st quarters of 2001 and 2002. Between the 1st and 2nd quarters of 2002, the seasonally adjusted level of unemployment declined by 24,000 individuals. The rate of unemployment also declined during this period, falling from 7.8% to 7.6%.

After declining slightly in the 3rd quarter of 2001, the level of employment is once again on the rise. Seasonally adjusted employment in the 2nd quarter of 2002 registered the largest quarterly increase since the 1st quarter of 2000. During this period, the level of employment increased by 139,800 (0.9%) jobs, almost three-quarters of which constituted growth in full-time employment. Self-employment accounted for almost one-third of the overall increase in seasonally adjusted employment between the 1st and 2nd quarters of this year, a result that is consistent with the long-term upward trend in non-standard employment.

Not surprisingly, the regional distribution of the decline in seasonally adjusted unemployment between the 1st and 2nd quarters of 2002 was far from uniform. During this period, the level of unemployment declined by 9,900 (6.9%) and 30,200 (3.7%) individuals in Atlantic and Central Canada respectively, while the number of jobless individuals in Western Canada increased by 16,100 (4.8%). The unemployment rate declined from 12.1% to 11.2% in Atlantic Canada and from 7.9% to 7.5% in Central Canada. In Western Canada, the unemployment rate increased from 6.7% to 7.0%.

PARLIAMENTARY ACTION

Although labour market legislation seldom dominates the parliamentary agenda, a number of reforms to what is now called Canada's Employment Insurance (EI) program have given some prominence to labour market issues in recent years.

Officially introduced in 1989, Bill C-21 (An Act to amend the Unemployment Insurance Act and the Employment and Immigration Department and Commission Act) did not become law until October 1990. This law paved the way for a reallocation of \$1.3 billion away from regular benefits to enhance initiatives for the unemployed (e.g., training course purchases, assistance for mobility and self-employment), a new special benefit structure and an extension of UI coverage to those 65 years of age and over. Also of great significance, Bill C-21 shifted the total cost of UI to employers and employees, thus ending government contributions to the program.

On 26 February 1991, the Minister of Finance tabled a budget that called for a further increase in UI premiums in July 1991 and a \$100-million cut in Canadian Jobs Strategy (CJS) spending. A similar cut in CJS funding was announced in the budget of 25 February 1992. In December 1992, the Minister of Finance announced that new tax incentives would be developed

and an additional \$250 million would be spent over the next five years to encourage more training in industry. In addition, the Minister also announced that UI premiums in 1993 would be held at the 1992 level and a premium holiday would be extended to small firms to stimulate the creation of jobs. Moreover, the benefit rate would be lowered to 57% of average weekly insurable earnings, and voluntary quitters and individuals who had lost their employment because of misconduct would be denied benefits.

Further changes to UI were contained in the *Budget Implementation Act, 1994* (Bill C-17). Designed to reduce UI expenditures, these changes tightened the entrance requirement in high unemployment regions; introduced a new and less generous benefit structure; and implemented a two-tiered benefit rate. In terms of the benefit rate, claimants with dependants who earned less than or equal to one-half of maximum weekly insurable earnings (\$390 per week in 1994) would receive 60% of average insurable earnings, while the benefit rate for all other claimants was 55%.

In 1994, the possibility of a major UI reform surfaced when the federal government launched its review of Canada's social programs. While some of the legislative changes in Bill C-12 (An Act respecting employment insurance in Canada), adopted in June 1996, mark a new approach, the primary structure of the new program remains essentially unchanged. For example, the old weeks-based approach for determining benefit eligibility and duration is now based on hours (assuming a standard workweek of 35 hours). Weekly benefits are now determined by averaging insurable earnings over a fixed, consecutive period of time (including weeks without earnings) known as the "rate calculation period." **The weekly benefit rate remained at 55%, and until recent changes to the Act, this rate could decline by as much as five percentage points, depending on an individual's claim history.** In terms of income redistribution, the 1996 law provides an income supplement to claimants who have children and a low family income. **Moreover, the existing benefit repayment provision was significantly strengthened by lowering the income threshold at which benefits are repaid and, until recent changes to the Act, clawback rates increased according to an individual's claim history.** While claimants may continue to earn up to 25% of weekly benefits without experiencing a reduction in their benefits, low-income claimants (i.e., those receiving weekly benefits below \$200) are now entitled to an earnings exemption of up to \$50 per week.

The new insurance system permits the program to generate and maintain surplus revenues. This measure is intended to minimize fluctuations in premium rates over the business

cycle. **According to the Main Estimates for 2002-2003, the cumulative surplus in the EI Account is expected to reach \$42.3 billion by the end of 2002-2003.** This is well above the upper limit of \$15 billion that the Chief Actuary of the EI Account deemed sufficient to meet the objectives of section 66 of the *Employment Insurance Act*. **Recently, the government amended the Act to permit it to set premium rates in 2002 and 2003. The government also announced its intention to review the premium rate-setting process.**

The reconfigured insurance system also provides financial assistance – grants, contributions, loans and vouchers – under employment benefits (previously known as UI developmental uses). Eligibility for these benefits includes those who are eligible for unemployment benefits, those who have received regular benefits in the past three years and those who have received maternity or parental benefits in the past five years. As in the case of the UI reform in 1990, the government intends to redirect some program savings to employment benefits. On 30 May 1996, the Minister of Human Resources Development offered provincial and territorial governments the opportunity to assume responsibility for the labour market measures underlying employment benefits. To date, nine provinces and all three territories are covered under labour market development agreements with the federal government. Ontario is the only province that is not yet covered.

There are basically two types of agreement. Under one type, a province/territory assumes responsibility for administering Part II benefits. Under the other type, the federal government continues to deliver Part II benefits and co-manages program design with the province/territory. Of the 11 agreements signed to date, 6 involve provincial/territorial responsibility for the design and delivery of Part II benefits.

CHRONOLOGY

- 23 October 1990 - Bill C-21 received Royal Assent, thus paving the way for the government to implement its Labour Force Development Strategy.
- 26 February 1991 - In the budget, the Minister of Finance announced the government's Expenditure Control Plan, part of which called for a \$100-million cut in Canadian Jobs Strategy (CJS) expenditures in 1991-1992 and a 24.4% increase in UI premiums in July 1991.
- 29 October 1991 - The ministers of Industry, Science and Technology and Employment and Immigration jointly announced the Prosperity Initiative, a comprehensive consultation process designed to

establish measures for enhancing Canada's international competitiveness. One of the major aspects of this initiative involved human resource development, especially in regard to basic education and enterprise-based training.

- 25 February 1992 - The Minister of Finance announced in his budget that CJS expenditures would be cut by \$100 million in 1992-1993. While this was more than offset by an increase in UI developmental expenditures, it was expected to have an adverse impact on the non-UI claimant population served under Employment and Immigration's Employment Activity.
- 29 October 1992 - The Steering Group on Prosperity released a report entitled *Inventing Our Future: An Action Plan for Canada's Prosperity*. The report contained a number of recommendations covering a broad spectrum of issues ranging from the need for more disciplined fiscal policy, fair and competitive tax structures and a single Canadian market to the creation of a strong learning culture and a society where all individuals participate in, and benefit from, the opportunities flowing from a more prosperous Canada.
- 2 December 1992 - The Minister of Finance announced in his economic statement that new tax incentives would be developed and \$250 million spent over the next five years to encourage the private sector to undertake more training. The Minister also announced that UI premiums in 1993 would remain unchanged at 1992 rates and the government would waive employer premiums, up to a maximum of \$30,000 per small enterprise, to encourage small firms to hire additional workers.
- 17 February 1993 - Bill C-113, Government Expenditures Restraint Act, 1993, No. 2, was tabled in the House of Commons. Part IV would amend the *Unemployment Insurance Act* by reducing the benefit rate from 60% to 57% of insurable earnings until 1 April 1995 and would impose a total disqualification on claimants who voluntarily leave employment without "just cause" or who lose their employment due to misconduct.
- 26 April 1993 - Although the Minister of Finance announced in the budget that the lower UI benefit rate would remain at 57% beyond April 1995, this provision was never proclaimed.
- 23 June 1993 - Bill C-101 (An Act to amend the Canada Labour Code and the Public Service Staff Relations Act) received Royal Assent. These changes were designed to make employment standards under the Code more equitable vis-à-vis workers, reduce

employers' administrative burden and introduce a mechanism to help resolve disputes that could adversely affect the public interest.

- December 1993 - The First Ministers approved the Canada Infrastructure Works Program, a \$6-billion program with costs to be shared equally by the federal, provincial/territorial and municipal governments. As of August 1996, over 12,000 projects had been approved and roughly 97% of total funding had been committed. Assuming about 60% incrementality, it was estimated that the net job creation impact of the program over a ten-year period would be about 81,000 person-years.
- 18 January 1994 - In the Speech from the Throne opening the first session of the 35th Parliament, the government announced its intention to, among other things, move quickly on its short-term job creation program (i.e., the tripartite infrastructure program), create a Youth Service Corps, and reform Canada's income security system (including unemployment insurance) within two years.
- 22 February 1994 - The Minister of Finance announced in the budget that some \$400 million would be made available in each of the fiscal years 1995-1996 and 1996-1997 to fund innovative social assistance projects. In addition, the budget provided \$1.7 billion for the Atlantic Groundfish Industry Renewal and Adjustment Strategy.
- 15 June 1994 - The *Budget Implementation Act, 1994* received Royal Assent. Part V of this Act amended the *Unemployment Insurance Act* by changing the variable entrance requirement from 10-20 weeks of insurable employment to 12-20 weeks, depending on the regional unemployment rate; reducing benefit entitlement; and adopting a two-tier benefit rate to assist low-income claimants with dependants.
- 23 June 1994 - The *Canada Student Financial Assistance Act* received Royal Assent, thus paving the way for, among other changes, an increase in loan limits for both full-time and part-time students. The maximum loan for part-time students increased by 60% to \$4,000 per year.

- 5 October 1994 - The Minister of Human Resources Development tabled a discussion paper on reforming Canada's social security system. The paper provided a number of suggestions for changing, among other things, employment development services, unemployment insurance, transfer payments for post-secondary education, social assistance and the child tax benefit. The Standing Committee on Human Resources Development held public hearings on these proposals and tabled its report on 6 February 1995.
- 15 December 1995 - Bill C-64 (An Act respecting employment equity) received Royal Assent. In general terms, Bill C-64 amended the *Employment Equity Act* to put the federal public sector under the legislation, to provide guidance and clarification to employers on their obligations, and to create an enforcement mechanism to ensure employer compliance.
- 20 June 1996 - Bill C-12 (An Act respecting employment insurance) received Royal Assent, replacing the *Unemployment Insurance Act*. Employment insurance was designed to achieve three primary policy objectives: to reshape Canada's unemployment insurance system to better address the coverage and adjustment needs of unemployed individuals; to reduce the extent to which the program encourages firms and workers to use it (i.e., the problem of repeat use); and to reduce program expenditures and improve the program's financing structure so as to stimulate job creation.
- 1 July 1996 - The *Minimum Hourly Wage Order, 1996* came into effect. As a result of this change, the federal minimum wage was aligned with the general minimum wage rate in each province and territory. As of 1 July 1996, the federal minimum hourly wage increased from \$4.00 to a low of \$4.75 in Newfoundland and a high of \$7.00 in British Columbia.
- 30 August 1996 - The Minister of Labour established an Advisory Committee to examine a broad range of issues dealing with the changing nature of work. The Advisory Committee, chaired by the Minister of Labour, released its report in June 1997. The report contained seven broad recommendations, such as the need to develop labour regulations that deliver the same basic rights to all workers, including the growing number employed in non-standard jobs. In addition, it recommended that public policy should not create artificial incentives that make one type of work-time arrangement more attractive than another.

12 February 1998 - The first *Employment Insurance Monitoring and Assessment Report* was tabled in the House of Commons. While data limitations permitted only a preliminary analysis, it was estimated that between July 1995–June 1996 and July 1996–June 1997, total expenditures on benefits declined by 11.5%; expenditures on Part II measures declined by 29%; the number of new claims (excluding those under Part II of the Act) declined by 15%; and the proportion of claimants exceeding minimum insurability limits increased (at least during the first six months of the reform). According to this report, the ratio of the number of regular EI beneficiaries to the number of unemployed declined from 83% in 1989 to 43% for the 12-month period ending in October 1997.

24 February 1998 - The budget announced several measures, including scholarships, tax-free RRSP withdrawals for lifelong learning, and tax relief for interest to help individuals finance their education. The link between education and jobs was emphasized – employment rates are higher and unemployment rates are lower among more highly educated workers than among their less educated counterparts.

The Minister of Finance also announced an EI premium rebate to encourage employers to hire young Canadians (18 to 24 years of age) in 1999 and 2000. Unlike the New Hires Program, which was not age-specific, this new proposal was criticized as being likely to lead to the displacement of non-youth workers. The government also intended to allocate additional funds (\$50 million in 1998-1999, \$75 million in 1999-2000 and \$100 million per year thereafter) to help young individuals, primarily those who have not completed high school, to secure employment.

19 June 1998 - The government announced that it would allocate \$730 million to help individuals and regions affected by the collapse of the Atlantic groundfish industry. Up to \$250 million was to be devoted to retiring fishing licences, \$180 million was to be used for final payments to former clients of The Atlantic Groundfish Strategy (TAGS), \$65 million for early retirement, \$135 million for active labour market measures and \$100 million for community economic development.

- 14 December 1998 - The government announced that the temporary Transitional Jobs Fund (scheduled to end on 31 March 1999) would be replaced by a permanently established measure called the Canada Jobs Fund (CJF). The CJF was to receive an annual budget of \$110 million. Regions with an unemployment rate of 10% or more would be eligible under the new program (previously, regions with an unemployment rate of 12% or more were eligible).
- 29 April 1999 - The Aboriginal Human Resources Development Strategy was launched. This Strategy is a five-year, \$1.6-billion multi-initiative designed to expand employment opportunities for Aboriginal people across the country. It builds on the Regional Bilateral Agreements that transferred responsibility for designing and delivering labour market programs directly to Aboriginal organizations.
- 18 June 1999 - In view of the long periods of joblessness experienced by individuals 55 years of age and over, the government announced that it would allocate \$15 million this year and next to help fund pilot projects designed to develop new approaches for enhancing the employment prospects of displaced older workers. These projects were to be guided by the Forum of Labour Market Ministers' Working Group on Older Workers.
- 1 June 2000 - The government announced its intention to provide financial support to the recently created Canadian Apprenticeship Forum (CAF). The composition of the CAF is much like that of the now defunct Canadian Labour Force Development Board, with representatives from business, labour, education and equity groups. The CAF intends to support and promote the development of Canada's apprenticeship training systems and thereby contribute to skill development in the workplace.
- 22 June 2000 - The government announced that it would terminate the Canada Jobs Fund, one of the programs that had been severely criticized following the release of an internal audit on the administration of Human Resources Development Canada grants and contributions. Funding for the CJF would be reallocated to regional economic development agencies.
- 24 June 2000 - The government announced its decision to fund job creation in worker co-ops across the country. The \$1.9 million to be spent on this initiative was to be allocated through Human Resources Development Canada's Research and Innovation Program, funded under Part II of the *Employment Insurance Act*.**

- 10 May 2001 - Bill C-2 received Royal Assent. Among other things, this bill reversed a policy objective sought by the government in its 1996 EI reform, namely to reduce “frequent” access to EI. As a result, Bill C-2 eliminated experience-rated benefits, a program feature that reduced a claimant’s benefit rate and increased a claimant’s benefit repayment in accordance with the number of weeks of benefits collected in a five-year period.**
- 31 May 2001 - The Standing Committee on Human Resources Development and the Status of Persons with Disabilities released a report that contained 17 recommendations designed to make EI more equitable, while at the same time encouraging individuals to secure jobs and invest in skills required in the workplace.**
- 10 December 2001 - The 2001 budget contained several measures, worth a total of \$62 million in the fiscal year 2002-2003, to support skills development and learning. These included increased funding for sector councils, apprenticeship training, Canada study grants for persons with disabilities and adult basic education.**
- 12 February 2002 - The government launched the Innovation Strategy, intended to ensure that Canada is capable of building a stronger and more competitive economy in the years to come. Part of this strategy entails the development of a more highly educated and trained labour force. Some of its targets are to increase post-graduate admissions at Canadian universities by an average of 5% per year until 2010, increase the number of adult learners by one million over the next five years, reduce by 25% the number of adults with low literacy skills in the next 10 years, and encourage businesses to increase by one-third their investments in training per employee.**
- 14 June 2002 - The Standing Committee on Human Resources Development and the Status of Persons with Disabilities released a report marking the third parliamentary review of the *Employment Equity Act*. The Committee maintains that this law has produced some positive results, but also notes that measures are needed to improve employment among Aboriginal people and persons with disabilities. The Committee has made 29 recommendations directed at both sides of the labour market, including, among others, the development of workplace strategies for Aboriginal people and persons with disabilities, modest changes to coverage under the Act, and a greater emphasis on skill acquisition among members of designated groups.**

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