



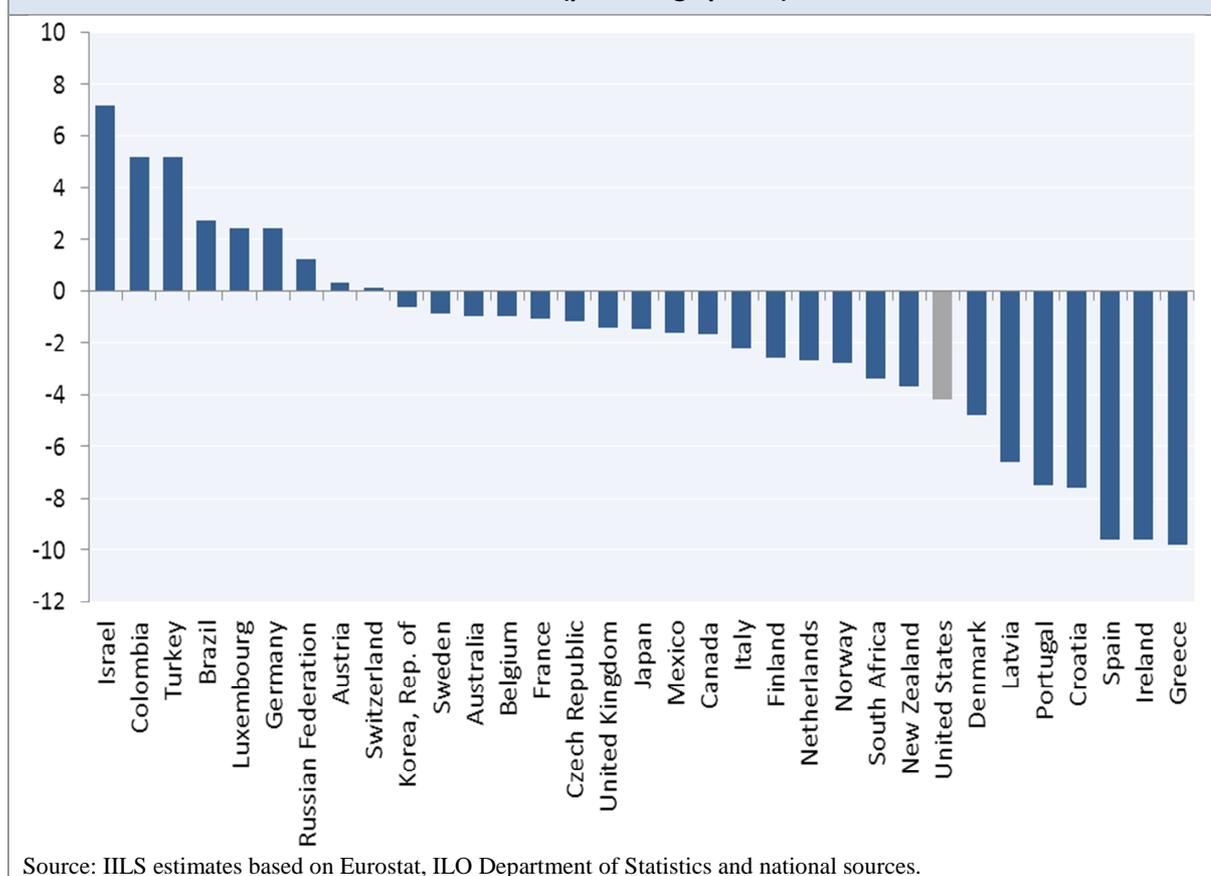
# World of Work Report 2013

## Snapshot of Canada

### Employment growth has begun to slow in the past year...

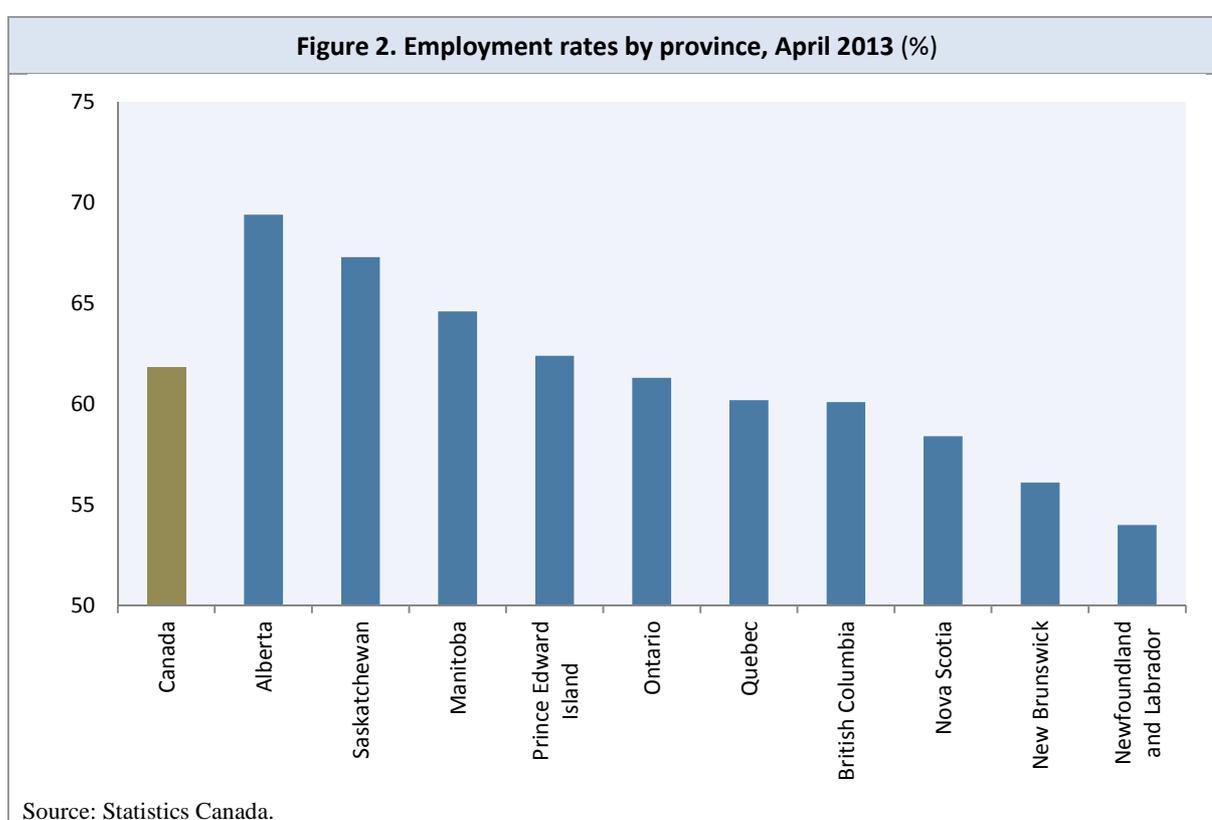
- Employment growth has slowed considerably:
  - *In the past 12 months, employment growth has been unable to keep pace with those looking for work:* While Canada has fared well over the course of the crisis; job growth has weakened in the last year. Employment has grown only 0.9% in the past 12 months (April 2012 to April 2013), which has not been enough to offset gains in the labour force – at 7.2% the unemployment rate in April 2013 remains little changed from a year ago (falling only 0.1 percentage points).
  - *Compared to 2007, the country has a jobs deficit of 500,000 as employment rates remain suppressed:* Between December 2007 and April 2013, the employment rate has fallen by 1.7 percentage points (61.8% compared to 63.5%). This means that the country needs to create an additional 500,000 jobs in order to re-attain the employment rate reached in 2007.
  - *Mixed results for Canada in comparison to other countries:* The employment rate in Canada near the end of 2012 at 61.9 per cent was particularly high in comparison to countries with available information, but in terms of changes since the onset of the crisis, it fares less well (Figure 1).

**Figure 1. Change in the employment rates between fourth quarters of 2007 and 2012, select countries (percentage points)**



### ...and the employment gains have been unevenly distributed.

- Since the crisis, employment creation has exacerbated concerns of quality and regional distribution
  - *Jobs among youth remain scarce:* Since December 2007, employment levels among youth age 15-24 have actually declined by over 208,000 (compared to gains at the aggregate level). As a result, the youth unemployment rate in April 2013 remains stubbornly high at 14.5%. And while this rate compares favourably to other advanced economies (17.7% on average<sup>1</sup>) – it is nonetheless 3.5 percentage points higher than in December 2007 and up a full percentage point in the past 4 months alone.
  - *West-East divide has widened:* The four western provinces (British Columbia, Alberta, Saskatchewan and Manitoba) have accounted for more than 42% of the employment growth between December 2007 and April 2013 – although together they only account for 31% of the labour force. The divide – especially as regards employment rates – is particularly acute when comparing Alberta, Saskatchewan and Manitoba to the rest of the country (Figure 2).



### *Moving forward, the challenge is to focus on job quality while respecting the diversity of labour market challenges*

- *Consider additional measures to support employment:* The global economic recovery remains sluggish and recent slowdowns in commodity prices (reflecting weaker growth in emerging economies) are likely to continue to dampen economic and job prospects in Canada. Yet, given that Canada is in a rather enviable position in terms of fiscal space (total government debt to GDP is low by international standards), the government could consider putting in place additional

<sup>1</sup> The youth unemployment rate for advanced economies is based on Global Employment Trends 2013 lower bound.

measures to support employment. And while the Budget of 2013 introduced a 3 step plan for jobs, the bulk of measures, notably the Canada Job Grant, is primarily a re-allocation of existing resources. The report highlights that well-designed labour market programmes can give a much-needed boost to consumption and aggregate demand.

- *Ensure effectiveness of the new “Canada Job Grant”*: The recently announced Canada Job Grant represents an important attempt to address skills mismatch and leverage employer involvement. However, as the programme is rolled out a few key considerations in the design could improve effectiveness:
  - *Target those most in need*: The first tranche of funding could be more effectively targeted to particular challenges, e.g. those working part-time or workers who just joined the firm, or individuals without certain skill designations. Together, governments (federal and provincial) could work with employers and worker representatives to identify disadvantaged workers. The recent initiative to engage with stakeholders, notably employers, is welcome, but careful consideration to design features will be important, otherwise, there is a risk that the funding provided to employers will finance training for workers who would have received it anyway.
  - *Ensure scope of those eligible include those not working*: Given that employment rates remain subdued, the federal government could consider earmarking a portion of the funding conditional on hiring a new employee. Current wording of the agreement is unclear on how underemployed or unemployed will be assessed. Again, targeting is of critical importance – policies and programmes that target a specific challenge – e.g. youth who are long-term unemployed or lack the right set of skills – are more effective and efficient than simply targeting an age group.
  - *Evaluation criteria*: While the federal and provincial governments have well-established evaluation criteria for existing Labour Market Agreements, the new Canada Job Grant is an opportunity to put in place controlled randomized trials to ensure improved effectiveness and efficiency of the new initiative.
- *Maintain provincial diversity in labour market delivery*: The labour market challenges confronting the provinces are rather diverse – indeed, the original intention of the current Labour Market Agreements (LMA) was to give provinces better control over the delivery and design of non-EI eligible clients. As such, it is important to ensure that the “clawing back” LMA does not impede the provinces from ensuring labour market support continues to be provided to those most in need. In this respect, the target groups for future LMA funding (including Canada’s Job Grant) could better be determined in consultation with provinces, but also employer and worker representatives.

*World of Work Report 2013: Repairing the economic and social fabric is available at ([www.ilo.org/INST](http://www.ilo.org/INST)). For further comment, journalists are invited to contact Marva Corley (tel +41 22 799 6105; email: [corley@ilo.org](mailto:corley@ilo.org)) or Raymond Torres (tel: +41 22 799 7908; email: [torresr@ilo.org](mailto:torresr@ilo.org)), Director of the ILO’s International Institute for Labour Studies.*