

News Release: Issued by Provincial and Territorial Ministers of the Forum of Labour Market Ministers

Provincial and Territorial Labour Market Ministers Call on Federal Government to Reinststate the \$625 million in Labour Market Transfer Funds Cut in Budget 2024.

Provincial and Territorial labour market ministers call the federal decision to cut \$625 million from labour market transfers extremely disappointing and warn of the damaging implications it will have on Canadian workers and their families. Amidst a national labour shortage, this cut rolls skills and employment training funding back to pre-2017 levels and will have lasting impacts on Canada's economic competitiveness.

This cut to a long-standing funding commitment comes at a time when the country is facing pressing labour shortages and the urgent need to prepare Canadians for jobs in priority areas including home construction, healthcare, and childcare.

Recognizing the responsibility of provinces and territories for workforce development, the federal government established labour market transfers in the 1990s to provide provinces and territories with funding —primarily sourced from Employment Insurance premiums, not general revenues — for regional employment and skills development programs that help over one million Canadians annually.

In response to provincial and territorial concerns that labour transfer funding had not increased in more than 20 years, the federal government provided an additional \$625M to provinces and territories in 2017 and committed to the renegotiation of the transfer agreements. Seven years later, the federal government has yet to initiate renegotiations, leaving workers, jobseekers, newcomers, and vulnerable Canadians uncertain about the future availability of services they depend on to find and train for work.

Labour Market Transfer Agreement programs improve worker skills and earnings, help employers find skilled workers, advance economic reconciliation with Indigenous Peoples, and increase workforce participation by groups furthest from the labour market. Provinces and territories are best placed to deploy skills development programs and adapt them to the specific needs of their populations. The federal government must demonstrate it is a full partner by supporting provinces and territories in their work to deliver better outcomes for workers.

Ministers are united in their view that this decision will impact funding to some service providers, including non-profit community organizations, as well as direct supports provided to jobseekers, workers, and employers by provinces and territories at a time when acute skills and labour shortages are slowing economic growth, productivity, and innovation. If this funding is not reinstated, services to Canadians will be jeopardized, with the cuts falling hardest on marginalized populations who have faced historic barriers to workforce participation.

Earlier this year, the Honourable Randy Boissonnault, Federal Minister of Employment, Workforce Development and Official Languages met with labour market ministers in Winnipeg where he affirmed that labour market transfers "empower provinces and territories to take

responsibility for skills and labour market development". However, these cuts ultimately erode the ability of provinces and territories to act on this responsibility and address their unique regional and local job market needs.

Labour market ministers strongly echo the Premiers' call for federal commitments to, "complement the investments already being made by provinces and territories in our areas of responsibility, providing the maximum benefits for Canadians."

Ministers are calling for an emergency meeting with Minister Boissonnault to find a path forward that reinstates these funds, so Canadians have the workforce skills and training services they need.

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