

# Labour Market Development in Newfoundland and Labrador: Regional Challenges and Active Solutions

A Rural-Urban Interactions Project Working Paper

Ekaterina Lysenko, Kelly Vodden

Memorial University, Department of Geography

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## Introduction

The labour market in Newfoundland and Labrador is challenged by historically high unemployment and Income Support dependency rates and an emerging shortage of labour. Seasonal employment fluctuation in primary industries and tourism creates instability of earnings and dependence on employment insurance. Growing labour demand in the province is further exacerbated by the out-migration and rapid aging of the population. Active labour market policies (ALMP) aimed to radically improve the functioning of labour market have been suggested as at least a partial solution to these issues (Freshwater, 2008).

This paper seeks to explore to what extent ALMP are implemented in Newfoundland and Labrador, what outcomes and challenges they encounter, the extent to which these key success factors are in place, and what the possibilities are of transferring successful ALMP practices from other international jurisdictions, in particular from Norway. The critical aspect for this research is if they can be and if so how to transfer successful local development initiatives from their original location to Newfoundland and Labrador. Such policy transfers should include a complex assessment of place specific factors and the extent to which they determine the success of ALMP in the original location, and whether such factors exist in the comparing area (i.e. Newfoundland and Labrador).

In order to achieve a closer examination of problems and functioning of local labour markets in Newfoundland and Labrador this study has focused on three case study regions, representing three types of rural regions: a rural region adjacent to a metro/urban center (St

John's), Twillingate-New World Island (rural non-adjacent) and Labrador Straits (rural remote). Data collection in these regions included nine formal in-person interviews with local providers of employment services and three focus groups with local business owners; and 133 questionnaires from local businesses, NGOs and regional NGOs collected by the Rural Urban Interaction in Newfoundland and Labrador research team. Six interviews with senior government officials in provincial and federal government were also conducted and included in this research.

#### Historical development of the Newfoundland and Labrador labour market

Historically development of the Newfoundland and Labrador labour market had been tied to its major economic activity – fishing. Northern cod was the economic reason underlying European settlements of the island of Newfoundland (Emery, 1992) and, according to the first occupational census in Newfoundland (1857) 90% of its male labour force was engaged in the fishery (Roy, 1997). Although fishing was a seasonal activity, people worked all year round. Types of activities varied by the season: fishing and agriculture in warmer months, wood cutting in winter (Newfoundland and Labrador Royal Commission on Employment and Unemployment, 1986).

Early industrialization attempts and then Confederation introduced paid employment opportunities as alternative to the self-production and barter type of economy, which traditionally dominated in Newfoundland. Confederation also brought government and government-funded jobs such as teachers, medical occupations, etc., and projects such as iron ore mines and the Churchill Falls hydroelectric dam in Labrador. However, these industrial and development projects did not account for the Newfoundland and Labrador's unique peripheral economic system, which had been based on largely self-reliant fishing outport communities (Newfoundland and Labrador Royal Commission on Employment and Unemployment, 1986). Thus, the provincial labour market had been persistently characterized by one of the highest unemployment rates in Canada, highly seasonal economy and a high proportion of workers residing in rural regions, where these problems were even more severe.

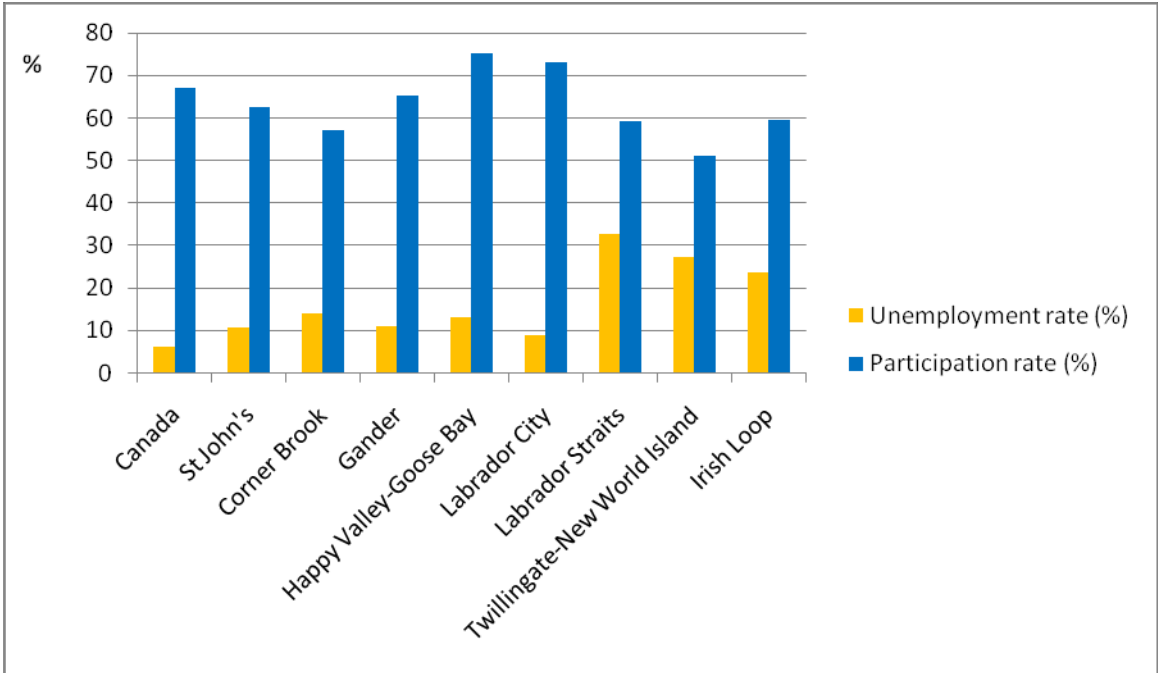
Even though, the overall role of the fishery in provincial employment has diminished (to 11% of the labour force in 2002), it has remained the main economic activity in most rural coastal communities (Schrank, 2005; Roy, 1997; Emery, 1992). It makes Newfoundland and

Labrador's economy one of the most dependent on seasonal industries in Canada. Seasonal unemployment is mainly associated with primary industries depended on seasonal resource availability and climatic factors, as well as construction and tourism related sectors. In case of Newfoundland and Labrador 40% of its seasonal workers are employed in fishing and fish processing (APEC, 2005).

The proportion of the labour force living in rural areas in Newfoundland and Labrador is also the highest among the Canadian provinces (45% versus an average in Canada of 18%) (HRLE, 2009; FFAW/CAW, 2004). Local labour markets in rural parts of the province are generally less diverse and more dependent on primary industries such as fisheries or forestry while urbanities tend to be employed in service industry. Thus, seasonal jobs are more typical for rural areas, which are more reliant on resource. In Newfoundland and Labrador 68% of rural workers are employed part of the year versus 40% among urban workers (FFAW/CAW, 2004). Seasonal unemployment fluctuation in rural areas of the province is also higher: 19% - 20% or 36 000 workers (over 30% in some parts of North and South coasts of Newfoundland), while the average in Canada and in St John's is only 5% (APEC, 2005; Grady and Kapsalis, 2002). However, greater dependence of Atlantic Canada, of which Newfoundland and Labrador is a part, on a seasonal economy cannot be solely explained by greater concentration of seasonal industries, but also by differences in behaviors of economic actors such as firms, individuals and governments (Sharpe and Smith, 2005). The role of the latter will be discussed further below.

The rural-urban disparity in the province is historically reflected in the gap between unemployment rates in rural and urban parts of the province (De Peuter and Sorensen, 2005). Despite the decline of the average unemployment rate in the province, these gains have mainly affected urban centers, while in rural areas unemployment continues to be approximately four times the national level (Hamilton et al., 2001). Figure 1 illustrates this rural-urban divide, with higher rates of unemployment in the rural regions of Labrador Straits, Twillingate-New World Island and Irish Loop relative to the urban centres of St. John's, Corner Brook, Gander, Happy Valley-Goose Bay and Labrador City.

Figure 1 Participation and Unemployment Rates in Urban Centers and Rural Areas of Newfoundland and Labrador and Canada (2006)



Source: Community Accounts, Canadian Statistics Agency, all accessed on January 14, 2010

With joining the Canadian federation, Newfoundland and Labrador was introduced to Employment Insurance (EI), which started to play a significant role in labour market regulation in the province. Employment Insurance (Formerly Unemployment Insurance (UI)) had been designed for provision of financial assistance to unemployed persons and to aid in the search for suitable employment, including moving people out of the areas of high unemployment (Lin, 1998). However, gradually UI in Atlantic Canada became a regular source of financial support for seasonal workers during the off season periods, allowing them to work for about ten weeks (420 hours ([www.servicecanada.gc.ca](http://www.servicecanada.gc.ca))) and receiving generous benefits for the rest of the year (Crowley, 2003; Neil, 2009). The minimum skills requirements for the jobs in primary seasonal industries also negatively affected the quality of the labour force in Newfoundland and Labrador, and discouraged people from continuing education and professional development (Crowley 2003, 2002; APEC, 2005). Ultimately easy access to UI created an attractive lifestyle and kept

fishermen from changing their occupation, which was one of the reasons why so many people were left unemployed by the Atlantic Cod moratorium in 1992 (Shrank, 2005).

### Contemporary challenges

The situation has changed, however, in Newfoundland and Labrador since the late 1990s with a growing demand for workers. At the same time, the workforce has continued to shrink due to a rapid population decline and out-migration. In the contemporary labour market in Newfoundland and Labrador high unemployment and income support dependency rates became co-existing with growing labour shortages (Crowley, 2003, interview). Economic growth in the province due to a number of ongoing and coming industrial development projects is creating an unfilled demand for labour, and particularly skilled labour. At the same time, a significant share of the provincial labour force is involved in seasonal work, dependent on receiving EI and practically unavailable for work for months during off-season periods (Freshwater and Simms, 2008).

Low educational levels and unwillingness to abandon seasonal work has exacerbated a mismatch between available skills and jobs in the province (Crowley, 2003, 2002). Low literacy level, especially among older and rural workers, a low rate of participation in adult learning courses among working-age population and low level of employer investment in training and workforce development further decrease the employment prospects of workers within the province in the competition for emerging provincial and federal job opportunities (HRLE, 2009, 2008-2011). Another aspect of the mismatch is geographical concentration of labour demand in certain areas like the Avalon Peninsula and isthmus versus dispersion of unemployed across the rural areas of the province.

### Active solutions

Traditional passive solutions, such as employment insurance (EI), have proven to be incapable of addressing contemporary challenges of the provincial labour market such as occupational mismatch and growing demand for labour. In contrast, active labour market policies (ALMP) are designed to intervene in the labour market, in order to improve its functioning and efficiency by means of adjusting the labour force skill set and expectations to better coincide

with the changed environment (Auer, 2005; Gaelle, 1999; Freshwater, 2008). ALMP offer three major categories of measures: labour market training, direct job creation and job brokerage (improvements towards a better match between job seekers and vacancies) (Gaelle, 1999; Freshwater, 2008). Unlike the passive policies, ALMP employ a more dynamic regime through the combination of “carrots and sticks”, i.e. job search activities and participation in employment programs that are backed up with benefits sanctions for the non-compliant (Peck and Theodore, 2001). It is important to remember, that ALMP are not a panacea for sustaining labour markets. Active measures will not completely eliminate the need for passive social protection, but rather will require a customized combination of both (Gaelle, 1999).

Implementation of ALMP is usually associated with the government decentralization. According to the Organization for Economic Co-Operation and Development report (OECD, 2001), ALMP provide better outcomes when implemented at the local level. Local design and delivery of employment programs expands the repertoire of reform options and design features. It also enables the achievements, strengths and weaknesses of these programs to be observed through close examination, and programs to be quickly adjusted (Theodore and Peck, 1999).

Freshwater (2008) stresses the positive role that locally oriented ALMP can play when integrated with traditional regional development due to their ability to account for specific local labour market conditions, such as rural pockets of high unemployment or local labour demand for particular occupations. Cultural, historical, economical and even geographical aspects of everyday life shape problems that are specific to particular localities. Even though there are common labour market trends that can be observed, addressing local aspects of local labour markets can provide more effective outcomes. Developing programs on the local scale can give better understanding of needs of the local workers and help to select an appropriate set of measures. Comprehensive regional development planning based on coordination of labour market development with economic development, will lead to better and more sustainable outcomes (Freshwater, 2008).

Cook (2008) suggests that it is very important for local development agencies to maintain their independence in developing and delivering the programs, however, this is hard to achieve due to funding dependency. Effective vertical and horizontal coordination of local development initiatives, as well as institutional capacity including a professional and effective structure for

implementation and evaluation of initiatives are considered as one of the key success factors (Cook, 2008).

While these success factors have been identified, since there are no two localities in the world with identical economic and institutional conditions, neither the factors that influence success nor the outcomes of transferred policies can be expected to be exactly the same. Once a “successful” program or policy is re-embedded within different local and national contexts, local labour market conditions will influence both program delivery and outcomes (Peck and Theodore, 2001). Cook (2008) adds that some factors, such as methods, techniques, know-how and operating rules are easier to transfer than others, such as motivation, philosophy or local institutional arrangements.

Transfer from where?

ALMP became widely popular only in the past twenty years with a shift in the Western welfare states from passive policies (welfare) towards more active measures aiming to bring welfare recipients back to employment (Peck and Theodore, 2001; Lorentzen and Dahl, 2005). Among the pioneers were Germany, Sweden and France (Auer et al., 2005). After employing various Active Labour Market measures in a number of successful examples, the overall success of the ALMP approach was so obvious that in 1997 the European Employment Strategy of the European Commission gave ALMP official status of an important labour market regulation tool in the European Union (Auer et al., 2005).

Within European and other industrialized countries, Nordic countries (Norway, Denmark, Finland and Sweden) stand out for their historically high expenditures on ALMP as a percentage of GDP (Raaum and Torp, 2002; Benner, 2003) (Error! Not a valid bookmark self-reference. Table 1). For the purpose of this study we have focused on Norway for several reasons. First, high rates of spending on ALMP have resulted in significant experience and evaluations of ALMP in the country. Second, Norwegian ALMP received better than other Nordic countries evaluations, particularly for the design and implementation of employment programs at the local level (Dahl and Lorentzen, 2005). Low Norwegian unemployment rates (3.3% in 2008) can serve as indirect support of the success of its ALMP (OECD, 2008). Norway is ranked the fourth among the OECD countries and the first among Nordic countries for low

unemployment rates (OECD, 2009). However, other factors including a prosperous economy, shorter working hours, a high rate of workers on disability and therefore excluded from the unemployment rolls, significantly contributed to the low unemployment rate in Norway (Conference Board of Canada, 2009; Duell et al., 2009).

Table 1 Spending on LMP and ALMP in 1985-2006

Country	Total spending on labour market programs (LMP) (% of GDP)			Spending on ALMP (% of GDP)			% of ALMP spending in total LMP		
	1985	2000	2006	1985	2000	2006	1985	2002	2006
Canada	2.49	1.10	0.90	0.64	0.40	0.31	25.9	36.3	34.4
Norway	1.09	2.72	1.08	0.61	0.77	0.58	55.7	66.8	53.7
Denmark	5.38	4.51	4.51	1.14	1.54	1.85	21.2	34.3	41.02
Finland	2.22	3.30	2.58	0.90	1.08	0.89	40.7	32.8	34.49
Sweden	3.00	2.72	2.32	2.12	1.38	1.36	70.8	50.9	58.62
Nordic countries	2.92	2.92	n/a	1.19	1.20	n/a	47.1	46.2	n/a
Southern Europe	1.44	1.57	n/a	0.28	0.68	n/a	30.2	43.9	n/a
Central and Western Europe	2.89	2.25	n/a	0.80	0.90	n/a	29.2	39.1	n/a
OECD Europe	2.59	2.35	n/a	0.80	0.96	n/a	34.3	41.8	n/a
OECD	2.31	2.03	n/a	0.72	0.80	n/a	34.4	39.6	n/a

Source: Modified from Martin 2001; OECD employment outlook 2009

Finally Norway features some similarities in economy with Newfoundland and Labrador. Oil and gas, mineral and fishery products constitute the three main components of Norwegian exports. Like Newfoundland and Labrador, a significant number of Norway's municipalities are remote, with no ready access to an urban centre and high levels of dependence on primary and public sector employment (OECD, 2007). Fishing in combination with severe winters, generated the same problem with seasonal unemployment in Norway as in our province. However, in Norway seasonal unemployment is significantly declined in the past 15-20 years and is not considered as a problem anymore (Grady and Kapsalis, 2002). Some of the main reasons



underlying the decrease in seasonal unemployment are: overall low unemployment rates, adequate labour market programs, economic diversification and small numbers of people living in areas affected by seasonal employment fluctuations. However, Norwegian northern counties Nordland, Troms and Finmark, which more rely on fishery and have harsher winters, still experience higher unemployment in the winter season (Grady and Kapsalis, 2002).

Indeed, Norway and Newfoundland and Labrador are not alike also have many differences. Norway is one of the most prosperous countries in the world, for example. Newfoundland and Labrador, while experiencing economic growth, continues to lag behind the rest of Canada on economic indicators such as GDP per capita and unemployment. Peck and Theodore (2001) point out that job availability is an important consideration in the potential for success in ALMPs. The two jurisdictions also have different political systems: Norway is a kingdom with a constitutional monarchy and while Newfoundland and Labrador is a province in the federation of Canada; Norway is known as a welfare state, Canada and its provinces for a more neo-liberal political ideology (Coe et al., 2007). Alongside its ALMPs, Norway is also noted for regional development policies and programmes that favour remote rural and northern areas, seeking to provide universally high levels of public services and stem depopulation (OECD, 2007; Johnstad et al., 2003). In contrast, Canada and Newfoundland and Labrador as a province are criticized for a lack of rural development policy and support (Goldenberg, 2009). In summary, while there are also similarities the two jurisdictions have very different historical, cultural, political, economic and geographical settings.

Despite these differences, several scholars, government officials and others have compared Norway with Newfoundland and Labrador in various aspects, and have explored opportunities for adopting Norwegian experience in areas such as labour market, rural and local economic development, education, petroleum and fisheries management (Schrank et al., 2003; Locke, 2005; Goldenberg, 2009). In light of Newfoundland and Labrador's current and impending labour market challenges investigation of a country deemed to be a good example of ALMP design and implementation offering potential for policy learning, provided variations in context are carefully considered in any attempts at policy transfer.

## ALMP: Historical Background

### Newfoundland and Labrador

In general labour market development in Canada in the 1990s witnessed an important change in priorities. The focus had switched from passive income support to active labour market measures (McIntosh, 2000). The 1996 Employment Insurance Act marked a major restructuring of the previous Unemployment Insurance Act (Kerr, 2000; Fong, 2005). The new Act introduced an Employment Insurance system with revised Active Labour Market Measures aimed to assist the unemployed with finding and preparing for a job. Major changes had touched on reduction of passive measures, reallocation of some funds from passive to active measures, and creation of incentives for the unemployed to return to work (Fong, 2005).

This policy shift involved devolution of a large portion of federal labour market responsibilities to provincial governments through a series of Labour Market Agreements (LMDAs) between the provinces and federal government. LMDAs were aimed to incorporate local flexibility in design and delivery of active labour market measures, which is seen as a key factor for the success of the Agreements (McIntosh, 2000).

A major economic and labour market shocks hit the province in 1992 with the collapse of the cod fishery. The layoff caused by the Northern Atlantic Cod moratorium became the largest in the history of Canada (Schrank, 2005; Ommer et al., 2007). The most significant impact has been on the fish processing industry, where about the half of the existing facilities were closed, over 15,000 jobs were lost and the economic base of several hundred communities solely depended on fishery, was destroyed (Hamilton and Butler, 2001; Schrank, 2005).

After the moratorium the federal government introduced a series of three labour market programs - the Atlantic Fisheries Adjustment Program (AFAP), the Northern Cod Adjustment and Recovery Program (NCARP), and The Atlantic Groundfish Strategy (TAGS) (OECD, 2000; Roy, 1997; Woodrow, 1992). These programs combined both: passive income maintenance programs and active components oriented on economic diversification within and outside the fisheries. Despite the modest positive achievements of the programs' active measures, they were undersubscribed, allocated funding had been transferred to passive components, and overall

these programs appeared to be incapable of responding to such a severe rise in unemployment (Roy, 1997; Schrank, 2005).

In 1997 Newfoundland and Labrador LMDA was signed (HRSDC, 2001). It featured two lines of government, federal and provincial, both involved in design and delivery of two independent suites of employment programs. The federal government remained responsible for provision of Employment Benefits and Support Measure (EBSM) primarily targeted to EI benefits recipients, for the national system of labour market information and exchange designed to support interprovincial migration, and for national economic development. Provincial employment programs covered the rest of the population, including Income Support recipients.

As of November 2nd, 2009, the large part of federal responsibilities related to labour market development in the province was transferred to the provincial government (HRLE News release, 2009). Thus the provincial government became fully responsible for provision of employment programs in Newfoundland and Labrador.

## Norway

The contemporary situation in the Norwegian labour market is characterized by very low unemployment rates but challenged by an ever-increasing share of the population excluded from the labour force. Those receiving health-related benefits, for example, represent about 18% of the working-age population (Duell et al., 2009). The proportion of people receiving health related, or incapacity, benefits in Norway is now one of the highest among OECD countries, bringing the expenses for disability benefits to a level approximately ten times higher than the expenditures on active labour market programs (Duell et al., 2009; Widding, 2008).

Norway represents the typical “Nordic welfare model,” with the largest share among OECD countries of general government employment, high taxes, high labour force participation, strong corporatist arrangements and relatively egalitarian outcomes (Duell et al., 2009). Its labour market spending pattern is of particular interest for this research – its features one of the lowest shares of passive policies as a percentage of GDP among OECD countries. The ratio of active to passive policies was 1.17 in 2006-07. Comparison with Canada demonstrates that with roughly the same portion of GDP spend on labour market programs (both passive and active) in 2006 (ALMP became widely popular only in the past twenty years with a shift in the Western

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Table 1), but Canada spends less on the active portion with a 0.51 ratio of active to passive program spending (Duell et al., 2009). However, Norwegian ALMP spending statistics include not only the unemployed, but also recipients of other types of benefits, including sick leave and disability pension, which significantly increases spending figures on the active policies and complicates the comparison.

The history of ALMP implementation in Norway began in the early 1980s, in a period of economic growth (Raaum and Torp, 2002; Stambøl et al., 2003). Introduction of the first comprehensive plan for active labour market programs in 1981 had increased volunteer

participation in these programs during the first three years by 140%. Between 1988 and 1990 it had risen over another 400% following the revision of the original plan (Raaum and Torp, 2002). Growing participation in ALMP significantly eased the negative impact of the economic downturn of 1988-1994, raising the unemployment rate in Norway by only 2.3% (from 3.2% to 5.5%) (Raaum and Torp, 2002). In Newfoundland and Labrador in the corresponding period unemployment grew by 3.8% (from 16.2% to 20%) (NL Statistics Agency).

In 2002, the Norwegian government launched the Action Plan against Poverty. The focus of this plan was the inclusion of various marginalized groups in the labour market through vocational rehabilitation programs, which are part of ALMP. This plan targets such groups as long-term and repeat social assistance recipients, young people on social assistance benefits, single parents, immigrants and people who receive drug substitution treatment (Lorentzen and Dahl, 2005). In 2006 the plan was revised and aimed "...at ensuring that as many people as possible can live on income derived from the employment..." (citation of "the Action Plan Against Poverty" from Duell et al., 2009 p.33).

In 2006, following the recent trend in other OECD countries and responding to its own challenges, Norway initiated merging of its National Employment Service, National Insurance Administration and municipal social services, into a "one-stop-shop" integrated system of Labour and Welfare Services (NAV) offices responsible for implementing the labour market policy. This restructuring of the labour market system aims to make NAV a contact point for all types of clients, including regular unemployed, individuals on sickness leave and social insurance benefits, to avoid resending clients from one agency to another (Widding, 2008; The Norwegian Labour and Welfare Administration, 2008). Cooperation of employment and social assistance services has played an extremely important role in activation of social assistance beneficiaries in their return to the workforce (Rønsen and Skarðhamar, 2009).

## Design and Delivery of ALMP

### Newfoundland and Labrador

In the Government of Newfoundland and Labrador the Department of Human Resource Labour and Employment (HRLE) carries the main responsibility for design of ALMP and development of the labour market. HRLE acts in two areas regulated by the Income and Employment Support Act, 2004, which include provision of income support and delivery of programs and services assisting individuals in their employment and career goals (Employment Support Act, 2004). HRLE and prior to devolution through the LMDA Service Canada as well, design employment programs that local agencies across the province then deliver to the clients. Local providers of employment services operate within a given programs' frameworks. This allows limited flexibility for local decision-making. This system aims to ensure standardization of provided services across the province (Service Canada, 2001). Other departments, such as the Department of Innovation, Trade and Rural Development (INTRD) and Department of Education also design and deliver their own employment programs, such as wage subsidies, training and vocational guidance programs (Retrieved from the INTRD web site on April 20<sup>th</sup> 2010: <http://www.intrd.gov.nl.ca/intrd/programs/index.html>; interviews).

HRLE works in close collaboration with the Strategic Partnership Initiative (SPI) Committee established under the LMDA. This Committee includes representatives from business, labour and government (HRLE and INTRD). SPI was created to include social partners in the design of ALMP and development of the labour market in Newfoundland and Labrador. However, with a decrease of the spatial scale the level of cooperation and coordination between labour market players seems to decrease. According to the findings from questionnaires delivered within three Newfoundland and Labrador case study regions, regional (multi-community) NGOs performing labour market related activities demonstrate very little involvement of businesses or the provincial government in their strategic planning, for example. Moving down a scale, local or single-community NGOs practicing labour market activities do not report that they collaborate with these players at all on strategic planning. Despite some cases of strong informal collaboration, such as in the Labrador Straits where interview respondents describe regular interactions with social partners, without clear design and allocated capacity the

degree of such collaboration will vary across the province, and therefore the effectiveness of employment services too.

During focus group sessions, local employers agreed that greater involvement of local businesses in labour market development would benefit both businesses and the unemployed but generally local businesses reacted negatively to the idea of business participation in advisory committees to local employment offices due to the lack of time and the large number of other committees they are already involved in, often outside their business activities. Participants in one region suggested that existing business organizations such as local Chambers of Commerce can play this role. Others suggested that agencies involved in labour market development planning and programming conduct visits to individual businesses to discuss their labour market needs.

Delivery of ALMP in the province is very fragmented. Former Service Canada (federal) and provincial programs have been delivered through contracted outreach offices. In the past, Service Canada has contracted delivery of its employment benefits to the local community organizations through 91 local Employment Assistance Services (EAS) offices. However, 46% of these EAS offices serve only particular groups of unemployed such as persons with disabilities, ex-offenders, women, youth, etc. The specialized offices are generally located in larger urban centres. Others are located throughout the province. For the purpose of this study I will focus on those EAS offices that provide the full range of EAS. These types of EAS outreach offices are often run by Regional (or Rural) Development Associations (RDAs) and Community Business Development Corporations (CBDC). EAS offices providing a full range of services have the most extensive representation in rural areas among the existing employment services providers. In addition, in all three case study regions the service area of local EAS offices also matches with functional (labour market) regions.

On the provincial side (HRLE) delivery of employment programs is done through four regional and 27 local offices and 12 Career Work Centers across the province (Table 2) (HRLE web site, accessed on December 28, 2009). HRLE is one of the largest Departments in the Government of Newfoundland and Labrador (HRLE, 2008). It employs approximately 600 people (HRLE, 2008) plus approximately 75 employees of Service Canada who were transferred to it under LMDA (HRLE Press Release, 2009). Of these, 365 employees are involved in

delivery of employment services in 43 locations across the province (HRLE 2009). Funding for programs and services administered by HRLE comes from both Provincial and Federal governments and was approximately 308 million for 2008-2009 fiscal year (HRLE, 2008).

Through Community Partnership Program HRLE collaborates with various community agencies on delivery of some employment support and initiatives programs targeted to improve individuals' employability and increase their attainment to labour market. This partnership includes funding for Community Youth Network Centers and grants to other youth-serving organizations, provision of wage subsidies (Linkages, Co-op Placement for post secondary students) and comprehensive employment strategies for older displaced workers (TIOW). Due to a fragmentation in provision of labour market services it is difficult to determine the total number of providers in the province. Table 2 summarizes the major categories, showing a total of 133 offices that provide local labour market services broken down by HRLE's four major service provision regions.

Table 2 Regional Structure of Labour Market Service Providers<sup>1</sup> (number of regional offices)

Service providers	Avalon Region	Central region	Western region	Labrador region	Total
HRLE	7	11	6	6	30
Career Work Centers	4	4	3	1	12
EAS	27	33	19	12	91
Total	38	48	28	19	133

Source: web sites: Service Canada, HRLE, accessed on January 19, 2010; <http://www.communityaccounts.ca>, accessed on April 24, 2010

The devolution of federal (Service Canada) responsibilities under LMDA to the province aims to achieve a “no wrong door” approach in client service. This transition pursues idea of provision all services from HRLE, Department of Education, Department of Innovation, Trade and Rural Development, other Departments and third party agencies in one place (LMDA, 2008).

<sup>1</sup> This table includes only those providers serving general unemployed clients.



However, according to one senior government interviewee, for the next two years the suite of federal programs and the system of agencies delivering these programs will remain unchanged.

## Norway

Design of ALMP in Norway is highly decentralized to the level of local NAV offices. Delivery of employment programs is solely run through local NAV offices. The first pilot NAV office was established in 2006. By 2008 239 local offices had been set up, 153 were planned for 2009 and 11 more for 2010, for a total of 457 (The Norwegian Labour and Welfare Administration, 2008). NAV administration plans to increase human resource capacity of its local offices up to 11,000 front-line employees by 2009 (Duell et al., 2009), which on average equals 24 front-line workers per NAV office. The staff to client ratio in integrated NAV offices roughly equals to 1/80 (not counting social workers and social assistance recipients) and appeared to be comparable with other international jurisdictions.

NAV office service areas are similar in size to municipal jurisdiction. Norway has a two-tier system of local government: municipalities (430) and county authorities (19). Municipalities are responsible for provision of social services and for activation of the social services' recipients. Counties are responsible for upper secondary education. The municipalities and county authorities have the same administrative status and are supervised by the County Governor, who is responsible for the health and social services and may change decisions regarding benefits (Norwegian Ministry of Local Government and Regional Development, 2008). The County Governors coordinate municipalities and counties to ensure implementation of central government policies (Duell et al., 2009, Norwegian Ministry of Local Government and Regional Development, 2008).

Norwegian municipalities are very large in area – with an average size of 700 square km (OECD, 2007) - but sparsely populated. The average size of Norwegian municipalities is 10, 800 inhabitants, however, more than three-quarters of municipalities in 2006 had a population less than 10,000 and 47% have populations of less than 4,000 inhabitants. Municipalities with the smallest population are located in North Norway. For example in Troms county 76% of municipalities have less than 4,000 inhabitants. The municipalities with the largest populations are Oslo and surrounding areas (OECD, 2007).

Norway distinguishes 161 labour market regions. 40% of these regions comprise of only one municipality. Distinguished feature of these labour market regions is very low density of population (2.3 inhabitants per square km) and small size of the towns. Such settlement patterns, underlined by topographical factors, significantly impede provision of services and increase daily commuting to the nearest source of employment (OECD, 2007).

While delivery and the specifics of program design occur at the local level, the general objectives for labour market policy are established at the national level with the annual state budget. Then these objectives are specified by the Ministry of Labour and Social Inclusion and sent to the NAV Directorate along with an allocated budget. The NAV Directorate can add its own targets for local NAV offices in the form of quantitative and qualitative performance indicators that local offices are required to meet (WorldBank, 2003). These indicators range from cost control to prevention of benefit fraud. Using performance indicators, the Ministry and NAV Directorate can limit autonomy of the local NAV offices, for example securing spending for particular target groups. Municipalities set their own objectives for social services provision (a municipal responsibility) and then sign a cooperation agreement with local NAV offices defining what particular services shall be offered by each office.

Local NAV offices are encouraged to choose the most appropriate employment measures to achieve objectives and targets set out for them by the Minister of Labour and Social Inclusion, NAV Directorate and municipalities. The services they offer can vary from county to county. However, there are some minimum requirements, including offering the entire range of state services provided by National Employment Service and National Insurance Administration, and financial social help from local municipalities (The Norwegian Labour and Welfare Administration, 2008). However, decentralization requires greater reliance of the central government on performance management (indicators) and open communication with the local offices (WorldBank, 2003).

NAV Directorate cooperates with the Ministry of Education in delivering training programs, and shares responsibilities with the Ministry of Health and Care Services for encouraging fast return from sick leaves back to work. The Labour Inspectorate is another labour market player under the umbrella of the Ministry of the Labour and Social Inclusion and is responsible for ensuring a healthy working environment and fast return to work from sickness

absence (Duell et al., 2009).

Social partners have significant influence on development and provision of ALMP and social services at all levels. They are represented on the Advisory Council on Labour and Pension Policies and provide advice to the Ministry of Labour and Social Inclusion on, for example, policies related to reducing sickness absenteeism (Duell et al., 2009). They are also represented in local county vocational training committees, which advise county authorities on quality, provision, career guidance and regional development in vocational education and training (VET); in the Advisory Councils for Vocational Education and Training, which advises national authorities on the content of VET programs and future skill needs; and in the National Council for Vocational Education and Training, which advises the Ministry of Education on the general framework of the national vocational education and training system (Kuczera et al., 2008).

## Comparison

Design and delivery of ALMP in Norway seem to be consistent with the theoretical premises underlying their success: design of the programs is quite flexible and allows for local decision-making, and local business and labour (the “social partners”) actively participate in the labour market development planning at national and county levels. In Newfoundland and Labrador, however, employment programs are generally designed in the top-down manner with little room for local knowledge to be incorporated. Instead local EAS offices must compete periodically for the ability to offer employment services on a contract basis as designed by provincial and federal agencies.

The area served by local NAV offices, especially in the northern counties, and local EAS offices in the three case study regions in Newfoundland and Labrador is similar in the way that local employment agencies in both locations serve only one labour market region. However, the full range of employment services in the three case study regions in Newfoundland and Labrador is offered only by local EAS offices with 1.5-3 staff members per office, which is significantly lower than average capacity of 21 in Norwegian local employment service offices. While the staff to client ratio in integrated NAV offices in Norway is approximately 1/80 (excluding social

workers and social assistance recipients) (Duell et al., 2009), in Newfoundland and Labrador this falls to a low of 1/716 within the Twillingate-New World Island labour market area (Table 3).

Table 3 Staff to client ratio in case study regions (Newfoundland and Labrador)

	Irish Loop (3 labour market regions)	Twillingate- New World Island	Labrador Straits
Income Support clients available to work <sup>2</sup>	215	260	15
EI recipients (regular and fishing) <sup>2</sup>	2525	2150	575
Unemployed, available to work	2740	2410	590
# of EAS offices	4	1	1
# of HRLE offices	n/a	1 (temporary closed)	n/a
# of staff in these offices	9	3	1.5
Staff to clients ratio – with and without IS clients	1/304-1/280	1/803-1/716	1/393-1/383

Source: Community Accounts, interview

## Participation in ALMP

### Newfoundland and Labrador

Participants in active labour market measures in Newfoundland and Labrador can be divided in two categories. The first category includes unemployed individuals who are eligible for EI benefits or reachback (have had an EI claim within the past three years) clients. The second includes unemployed individuals who are not EI eligible including Income Support recipients, low skilled employed workers and workers affected by economic downturns. The first category has access to employment benefits (former federal employment programs) under the LMDA, while the second is covered by provincial programs under the Labour Market Agreement (LMA). Individuals with disabilities can access both sets of programs. Income

<sup>2</sup> As of 2006 (Community Accounts, accessed on March 15, 2010)

Support clients as well can access some of the former federal programs, however only 1,692 or 3% of them participated in EBSMs in 2008-09, while over 60% of Income Support clients were reported as employable (HRLE Annual Report, 2009).

In Newfoundland and Labrador in 2007/08 10,776 individuals participated in federal employment programs (LMDA Annual Report, 2008). Another 10,000 individuals accessed provincial employment and career services (HRLE Annual Report, 2008). Together federal and HRLE employment programs roughly accounted for 0.48% of the provincial GDP in 2008<sup>3</sup>. Among the formerly federal ALMP expenditures training and wage subsidies constitute the majority (67.8%) of total spending. The second largest category was Job Creation Partnership (JCP), which is a workplace-based training program for EI eligible clients (Employment Insurance Statistics, 2008)

Interviews with local providers of employment services and programs, primarily EAS offices, in the case study regions revealed some valuable insights on how employment programs operate in their regions, including estimates of participation in each program type (Error! Reference source not found. Table 4). For all three case study regions data only include the former federal programs delivered under LMDA, since none of the regions have an operating HRLE office.

As seen from

Table 4 the number of participants by type of employment programs varies across the regions. Both Irish Loop and Twillingate-New World Island regions experience quite high demand for training programs. According to one service provider, low participation in training programs in Labrador Straits can be explained by the absence of a training facility in the region. Thus, most residents who are interested in skilled jobs, seeking to upgrade their skills or obtain post secondary education (mostly young people) must consider relocation. Since training usually takes a considerable amount of time (from one to two years) and because of limited local demand for obtained skills, these relocations tend to become permanent.

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<sup>3</sup> Calculation based on GDP=\$ 31,277 million

([http://www.stats.gov.nl.ca/Statistics/GDP/PDF/GDP\\_Current\\_Prices.pdf](http://www.stats.gov.nl.ca/Statistics/GDP/PDF/GDP_Current_Prices.pdf)); HRLE Employment and labour market development=\$ 27,719,207 (HRLE Annual report 2008-09); Former federal employment programs= \$ 123,094,900 ([http://www.stats.gov.nl.ca/Publications/Flashsheets/Annual\\_Beneficiaries\\_NL.pdf](http://www.stats.gov.nl.ca/Publications/Flashsheets/Annual_Beneficiaries_NL.pdf))

Table 4 Approximate number of participants in federal ALMP by type of program (% of total participants in federal ALMP)

	Irish Loop	Twillingate-New World Island	Labrador Straits	Newfoundland and Labrador (new interventions only (2007/2008) <sup>4</sup>
Training	53%	“Majority”	20%	59%
JCP	38%	20%	16.6%	20%
Wage subsidies	7%	1.6%	33%	6%

Source: interviews with local service providers

Job Creation Partnerships (JCPs) are in a high demand by employers, particularly non-profit community groups, in all three regions. However, all respondents admitted that recruiting participants for JCPs is becoming harder and harder every year. Many projects have been cancelled due to recruitment failure. One of the reasons underlying low recruitment to JCP projects is that participation in these projects offers very little financial incentive in the form of a limited EI “top-up” payment and will not help an individual to qualify towards their next EI claim (although for those whose EI claim is expiring soon their claim will be extended due to JCP participation). There were also concerns raised by interview respondents regarding the effectiveness of this program. Employers normally choose participants not according to the clients’ needs in terms of increasing their employability, but rather by picking the most skilled workers available.

Absence of demand from local employers is cited as a factor in low participation in wage subsidy programs in Twillingate-New World Island region. This appears, at least in part, to be because of lack of cooperation between local employers and employment service providers. In contrast, in Labrador Straits, where strong informal cooperation exists between sectors, participation in wage subsidy programs is very high ( Table 4). Finally, one interviewee commented that the effectiveness of the employment programs

<sup>4</sup> LMDA Annual Report 2007-2008 (unpublished)

in the province also depends to a great extent on the capacity of the delivering body, which varies from region to region.

## Norway

Norwegian ALMP are divided between those for the “ordinary unemployed” (not facing particular health problems and not eligible for a health-related benefit); the incapacitated or vocationally disabled, who are unemployed mainly for medical reasons that reduce work capacity; and social assistance recipients, who are facing multiple problems and are more detached from the labour market (Dahl and Lorentzen, 2008, Duell et al., 2009). The number of participants in ordinary measures in 2008 was 10,676 or 25% of unemployed; in measures for the occupationally handicapped (vocationally disabled) – 29,325 or 35% of vocationally disabled (The Norwegian Labour and Welfare Administration, 2008) and 18,179 or 16% of social assistance clients participated in various labour market programs (Statistics Norway, accessed on May 11, 2010).

Within the Norwegian structure of active labour market programs training is the main scheme and accounted for over 50% of total expenditures in 2006, however, the majority of the allocated funds is spent on the vocationally disabled. The second-largest category (28%) is supported employment (such as wage subsidy) and rehabilitation, and the third -Direct Job Creation (11%), also devoted to vocationally disabled (Duell et al., 2009). Such a focus on the vocationally disabled is explained by their significant share in Norwegian population, which constitutes one of the main labour market problems in Norway. The ordinary unemployed mainly participate in training and wage subsidies (Duell et al., 2009). Social assistance recipients, following the well-developed Norwegian philosophy of “active benefits”, are encouraged to pursue transition to work through a combination of part-time work, receiving benefits and participation in regular and special ALMP, such as Qualification programme, Introductory programme for newly arrived immigrants, etc. The number of slots available for active labour market programs in Norway is tied to business cycles: when the economy is slowing down, the number of slots increases (Rønsen and Skarðhamar, 2009).

## Comparison

In terms of spending on ALMP as a percentage of the GDP Newfoundland and Labrador spends more than the Canadian average (referring back to Table 1 for the most recent comparison year available - 2006), but less than Norway. It is hard to compare participation in ALMP among the unemployed in Newfoundland and Labrador with Norway, since Newfoundland and Labrador statistics reflect interventions rather than individuals and, according to one senior government official interviewed, there is high chance of one individual participating in the multiple interventions. Among Income Support clients, however, participation lags behind Norwegian rates by two times (8% in Newfoundland and Labrador versus 16% in Norway). Estimates of the number of unemployed individuals within the three case study regions participating in the formerly federal ALMP programs suggest that participation varies significantly and is higher than the Norwegian average of 25% in the Labrador Straits region (Table 5).

Table 5 Participation in ALMP

	Irish Loop	Twillingate-New World Island	Labrador Straits
Participants in ALMP as % of unemployed	9.7%	13.9%	26%

Source: Interview, NAV Annual Report, 2008

In terms of program participation, the data from the former federal employment programs demonstrates a strikingly larger proportion of participants in JCP in Newfoundland and Labrador over the Direct Job Creation program in Norway (Table 4). Participation in training programs is somewhat similar to Norway, with the exception of low rates of participation in the more remote Labrador Straits region. This region has also a much higher participation rate in wage subsidy programs than either the Norwegian average or the other two case study regions in Newfoundland and Labrador.



## Increasing Participation: the Activation Approach

### Newfoundland and Labrador

Participation in all kinds of ALMP in Newfoundland and Labrador is voluntary and client driven. Neither EI, nor Income Support beneficiaries are required to contact employment services providers or to develop Individual Return to Work Action Plans. However, they are notified about availability of such services upon application for their benefits (interview).

The main group of employment services providers in the province offers career counselors and resources for self-service (Sharpe and Qiao, 2006). First contact with a career counselor starts with the unemployed individual contacting the office for an appointment. A screening interview and a basic counseling session is then arranged. The focus of these initial interviews is to assess the client's needs and define the minimum resources required for the clients' successful employment (OECD, 2002). In cases when initial assessment determines the need for participation in labour market interventions, such as training, wage subsidy or self-employment assistance, and eligibility criteria for these measures is met, the client will be required to develop an Individual Return to Work Action Plan. Once the plan is developed, the client is reported in the office's statistics and receives follow-up from an assigned case manager. A case manager will guide the client through completion of the Action Plan and follow up on the individual's progress for up to 12 weeks after the plan is completed (HRSDC, 2001).

Those clients who only seek assistance with job search are not counted and formally not identified for follow up (Interviews; OECD, 2002). Information about vacancies and labour market resources can be obtained from several sources, which include national and provincial web-sites and local sources of job opportunities such as local newspapers, as well as employment service providers' web-sites, bulletin boards and telephone job banks. Local employers can place their job advertisements by contacting local EAS or HRLE offices and Career Work Centers.

The Canadian EI Act Part II does not provide clear guidelines for the job-search process or requirements for frequency of job applications (Gray, 2003; Van Audenrode et al. 2005). In terms of participation in ALMP, sanctions outlined in the Act penalize only for misconducts related to completing of training measures (Gray, 2003; Grubb, 2000, interview). The frequency with which EI benefits sanctions are applied in Canada is one of the lowest among OECD

countries and is insufficient to stimulate EI clients to search for work, accept job offers and participate in EBSMs (Gray, 2003).

## Norway

Delivery of employment services in Norway has been based on “work first” principle since the 1950s, particularly for the recipients of unemployment and social assistance benefits. In the early 1990s this policy was adjusted towards “activation” strategies and sought a re-balancing of the rights and obligations of welfare benefit recipients (Halvorsen and Jensen, 2004). Tightening of “availability-to work” requirements for the welfare benefits recipients was a response to the growing labour demand, and aimed to speed up their exit to employment (Widding, 2008; Duell et al., 2009). One of the main steps towards “activation” was the merger of welfare and employment services to “one-stop-shop” local NAV offices. Creation of local NAV offices extended client group of the former Public Employment Services (PES) to a wide range of target groups, including those that are at the most risk of being excluded due to health and social problems.

From the moment of registration with a local NAV office as a job seeker, unemployed clients are required to report their job search activities every two weeks (Duell et al, 2009). The initial contact with NAV officers for job search assistance or for benefit claims starts with an individual interview assessment and building of an “individual service declaration” (personal action plan). This interview takes place within the first three weeks after the registration with a NAV office. The declaration or individual action plan has a strong focus on the job search and outlines an individual’s related activities until the next scheduled interview, usually within three months. During the first three months following registration with the NAV office, unemployed clients are engaged in active job search on their own. NAV officers provide them with assistance in the form of vocational guidance and employment counseling, and closely monitor their clients to ensure they are actively seeking for a job. The client’s second interview is also focused on employment, including opportunities in the labour market, encouragement of occupational and geographical mobility, and, if necessary, participation in employment measures (Duell et al., 2009).

Job matching between employers and unemployed is typically conducted through the

NAV electronic database, one of the most comprehensive in Norway. This website is easily accessed by both employers and jobseekers. The job matching process is mostly done automatically through information exchange between the NAV website and casework management system. Suitable job offers are emailed to clients and employers receive preliminary information about the candidates. Local NAV officers tend to use a closer follow up, such as personal phone calls, for candidates whose skills are in a high demand. They can also follow up on the results of the referral by contacting the employer or job-seeker, or both (Duell, 2009).

Table 6 Job-brokering services offered by NAV

Services offered to jobseekers	Services offered to employers
Standardized profiling assessment system	Résumé or CV data bank on the internet
Matching system for offer and demand	Information
Computerized vacancy bank	Human resources consulting
Vacancy bank can freely be consulted on internet	
Self-service information	
Personalized job search assistance	

Source: modified from WAPES Survey 2006 and 2008, Norway, CIA World Factbook

If after this initial phase of self-activation the client is still unemployed, or in cases where serious labour market barriers were identified at the initial interview, these clients will receive an intensive follow up and will be offered participation in active labour market measures. Most common of these measures are: job clubs, labour market training, work experience and wage subsidies. For the clients with complex and significant labour market barriers local NAV offices provide work capacity assessment to identify the mismatch between clients' capabilities and labour market demand. This assessment defines the clients' needs and related employment measures (Widdings, 2008).

Some examples of "activation" schemes for particular targeted groups include Qualification and Youth Guarantee programmes. The Qualification programme is a main

government initiative against poverty and was introduced in 2007 (Duell et al., 2009). It is targeted to social assistance clients with no or very limited benefits from the National Insurance Scheme, and includes school drop-outs. The program complements the Action Plan against Poverty introduced in 2002, which focused on activating long-term social assistance recipients as a main target group, increasing their work activity, earnings, self-esteem, and promoting a balance between rights and obligations (Lorentzen and Dahl, 2005). The Qualification program offers motivation courses, training and wage subsidies, which increase participants' human capital, work capabilities and make them more attractive to employers (Rønsen and Skarðhamar, 2009). It is offered in the form of a full-time, work-related activity, adapted to the individual's needs and ability (OECD, 2008). In 2008 almost 5,300 people applied to participate in the program (The Norwegian Labour and Welfare Administration, 2008). An important part of the Qualification program is close supportive follow-up (Widding, 2008).

The "Youth guarantee" program has been designed since 1979 for young people between the age 16 and 19 who are neither in school nor in regular work. In 2005 the program was extended to include young people up to 24 years of age (OECD, 2008). The "youth guarantee" program provides individual follow-up for young people with a focus on work, education or training. All youth up to 20 years old are guaranteed three years of upper secondary education (OECD, 2008, Widding, 2008). Those who are not in education and cannot find employment are offered participation in labour market programs: vocational youth programs (combining work and training); classroom training; and employment programs, which offer employment in the public sector or wage subsidies in the private sector.

The "youth guarantee" provides priority for unemployed youth or those not enrolled in education for participation in ALMP. In 2007 up to 50% of youth registered with the PES were placed in an ALMP (OECD, 2008). In 2007 the Follow-up Guarantee program was introduced to strengthen assistance and guidance for youth jobseekers. This program requires local NAV offices to contact for an interview all youth who have been unemployed for at least three months. These interviews again have focus on the active job-search strategies. Participation in an ALMP will usually be offered after a period of unsuccessful job-search. The follow-up with this group involves co-operation between various agencies, including the county offices, NAV, and educational authorities and includes referrals to job clubs or wage subsidies (Duell et al., 2009).

Early assessment of the clients, an individual approach and close individual follow-up are considered to be the key success elements of the “activation” approach in Norway (Duell et al., 2009, Widdings, 2008). For the success of the “activation” approach, Norway also backs up strong incentives with effective benefits sanctions. The most important in this sense are sanctions for unemployment insurance (UI) beneficiaries. Empirical analysis suggests the adoption of an activity-oriented unemployment insurance regime, which includes required participation in ALMP, benefit duration limitations, strict conditions for unemployment insurance entitlement and high sanction probabilities reduces unemployment duration and speeds up the job search process (Røed et al., 2007). Application of unemployment insurance sanctions immediately raises the exit rates from unemployment by 80%, and increases the probability of enrolling in an active labour market measures by 22%, and in an education measure by 200% (Duell et al., 2009, Røed and Westlie, 2007).

Recipients of the social assistance benefits are also required to report their job search activity in cases when it was determined relevant by their case workers. However, for this vulnerable group application of incentives has been found to be more effective than sanctions. The Qualification program offers such incentives in the form of a top up for social assistance benefits (Duell et al., 2009). Implementation of sanctions can provoke outflow of welfare beneficiaries into health-related benefits, which do not pose such strict requirements. Tight gate-keeping of health-related benefits can prevent this outflow.

## Conclusion

Effective transferring of the ALMP approach from Norway to Newfoundland and Labrador involves an exploration of the potential for transfer of each of the key factors underlying its success in Norway, particularly: merging services for “one-stop-shop”; decentralization of program design and decision-making processes to the local level; involvement of social partners at all levels; early intervention; close individual follow-up; and application of benefit’s sanctions. Table 7 illustrates the extent to which these conditions are currently present within the province.

Table 7 Norwegian factors underlying the success of ALMP and their presence in Newfoundland and Labrador

Norway	Newfoundland and Labrador
Merging services for “one-stop-shop”	Currently no
Design at local level	Occasionally
Implementation at local level	Yes
Collaboration with social partners at all levels	Only at the provincial government level
Early intervention and focus on employment	Limited
Close and systematic individual follow up	To some extent
Strict dependency of receipt of benefits on active job search or participation in ALMP	No

Some of these factors are easier to transfer from one jurisdiction to another than others, particularly considering the Newfoundland and Labrador context. Early intervention and close, individual follow-up are operational procedures and their adoption should be relatively easy. However, introduction of such procedures will be effective only with increased capacity of employment services providers. Further, activation efforts will be put in place amidst a “culture of dependency” that has developed over a period of more than sixty years since Confederation and is not likely to change easily.

Merging employment and welfare services will require institutional changes, especially for EI benefits, since their provision is administered by the federal government, while responsibilities for employment services have been devolved to the province. Within the province the traditional divide between social assistance and employment services would have to be bridged. Design of ALMP at the local level has had a limited, but promising experience in the province. Decentralization of decision-making power to the local employment offices will therefore require creation of a new institutional framework and strengthening of the capacity of local offices. Collaboration of employment services with social partners at the local level in Norway is linked to the country’s cultural setting, however, with additional human resources designated to facilitate collaboration, this could be achieved in Newfoundland and Labrador as well.

Results of interviews and focus group research suggest that making income benefits dependent on active job search or participation in ALMP would be the most difficult characteristic of the Norwegian approach to transfer into Newfoundland and Labrador labour market policy. Even though EI benefits recipients are required to perform job search, they are not well monitored and sanctions are rarely applied. Yet the Norwegian experience suggests that implementation of sanctions is very important for “activation” of the unemployed and for the success of other ALMP measures.

The Norwegian approach towards “activating” passive benefits recipients seems to be reasonable and relevant to the Newfoundland and Labrador labour market with its high share of both EI and Income Support benefit recipients and growing demand for labour. It might not solve the problems of occupational and geographical mismatch and an existing imbalance of the rights and obligations for income support beneficiaries in the short-term period. However, in the long run, if barriers can be overcome or programs designed to take them into account, it could strengthen the attachment of unemployed residents to the labour market, improve their work moral and better prepare them for the growing number of job opportunities available in the province.

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