HOUSE OF COMMONS
CANADA

BEYOND BILL C-2:

A REVIEW OF OTHER PROPOSALS TO REFORM EMPLOYMENT INSURANCE

Report of the Standing Committee on Human Resources Development and the Status of Persons with Disabilities

Peter Adams, M.P.
Chair

May 2001

Also available on the Parliamentary Internet Parlementaire: http://www.parl.gc.ca

Available from Public Works and Government Services Canada — Publishing, Ottawa, Canada K1A 0S9

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THE STANDING COMMITTEE ON HUMAN RESOURCES DEVELOPMENT AND THE STATUS OF PERSONS WITH DISABILITIES

has the honour to present its

THIRD REPORT

Pursuant to Standing Order 108(2), the Committee unanimously decided to prepare a report on Employment Insurance following the evidence it heard on Bill C-2, An Act to amend the *Employment Insurance Act* and the *Employment Insurance (Fishing) Regulations*.

The Committee has agreed to report to the House as follows:

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I. INTRODUCTION

Between 21 February 2001 and 21 March 2001, the Committee held extensive hearings on Bill C-2, An Act to Amend the *Employment Insurance Act* and the *Employment Insurance (Fishing) Regulations*. During this period, more than 80 witnesses representing a variety of interests from across the country expressed their views on the bill and many other matters pertaining to employment insurance (EI). The Committee's report on Bill C-2 necessarily excluded a fuller discussion of EI, as many of the issues addressed during our examination of the bill fell outside the scope of the proposed legislation. Procedurally, a committee's report on a bill is confined to the clauses contained in the bill and the committee is not authorized to amend the bill in such a way as to increase government expenditures.

During our hearings we witnessed the usual dichotomy of views concerning this very important program; business representatives were generally supportive of a lower cost program based more on insurance principles, while workers' representatives and advocates for the unemployed sought a more generous and inclusive program based on social insurance principles. All of these witnesses agreed that EI funds should be dedicated exclusively to EI. The Committee also heard from several experts whose views on specific program features and their impact on the labour market also varied, particularly in terms of the proposal to eliminate experience-rated benefits.

Prior to commencing its hearings on Bill C-2, the Committee did not anticipate preparing this supplementary report on EI. However, once our hearings began we quickly realized that many Canadians held views on EI that went well beyond the scope of the legislative proposals contained in Bill C-2. As all members of the Committee regard this testimony to be very important, the Committee agreed unanimously, on 27 March 2001, to adopt the motion "that the Standing Committee on Human Resources Development and the Status of Persons with Disabilities report to the House of Commons other recommendations related to the *Employment Insurance Act* and that this report be tabled in the House of Commons no later than June1, 2001." In so doing, we acknowledge that the witnesses who ultimately appeared before us on Bill C-2 may not reflect all of the views held by Canadians regarding further changes to the EI program.

Our report begins with a brief description of the 1996 reform. This is followed by several sections dealing with key concerns raised in our hearings including, among others, the qualification requirement, benefit entitlement, the divisor rule, EI training, the EI Account and a number of administrative matters.

II. THE 1996 EI REFORM

The *Employment Insurance Act* was intended to modernize Canada's approach to providing income support and adjustment assistance to unemployed workers across the country. New features included coverage from the first hour of work and an hours-based qualification and benefit structure. Compared to its predecessor UI, EI was intended to encourage workers to work longer and reduce the length of time on claim. It was also intended to be fairer in terms of qualifying for benefits, reducing benefits for high-income earners and increasing benefits for low-income families with children. EI reform was also intended to produce a less costly program so as to meet the commitment made in the 1995 federal budget to reduce the costs of unemployment insurance by 10%. The government had determined that fiscal order needed to be restored and to do so program spending had to be curtailed.

While the 1996 EI reforms involved some significant changes, much of the *Employment Insurance Act* mirrored its predecessor. Major changes included:

- minimum insurability rules replaced with coverage from the first hour;
- a qualification and benefit structure based on hours instead of weeks of insurable work;
- an increase in the qualification requirement for new entrants/re-entrants;
- a new way to calculate average weekly insurable earnings ("divisor" rule);
- experience-rated benefits ("intensity" rule);
- a tougher benefit repayment provision with an experience-rated component ("clawback");
- a higher earnings exemption for low-income claimants;
- higher benefits for low income claimants with children (family supplement);
- a reduction in maximum insurable earnings;
- a reduction in maximum weekly benefits to $413;
- a premium refund for employees with annual earnings equal to or below $2,000;
- a new premium rate-setting process that was supposed to create a reserve to achieve premium rate stability;
- tougher penalties for violations; and,

- new eligibility conditions and delivery mechanisms for “active” labour market adjustment.

Professor Fortin characterized the unemployment/employment insurance reforms in the 1990s as follows:

> My general comment is that the Canadian employment insurance program is not, in the year 2001, what it was in 1989. From 1990 to 1996, we have seen a series of amendments that were numerous and that had significant repercussions on the behaviour of the labour market and also on the unemployed themselves . . . I would certainly not be tempted, at the outset, to impose more restrictions on the system that would affect all of Canada. There are perhaps some amendments and adjustments to be made with respect to the various regions of Canada, but overall, I believe that the Canadian government has done its duty with respect to the changes made to employment insurance. (Professor Pierre Fortin, Université du Québec (Montréal))[1]

There is little doubt that EI reform has produced a smaller program. Today, the beneficiary-unemployment ratio (commonly called the B/U ratio) is about 45%.[2] Nevertheless, it is estimated that roughly 80% of those for whom EI was designed were eligible for benefits in 1999. Moreover, this measure of EI coverage has remained fairly stable over the past two reporting periods (based on results from the Employment Insurance Coverage Survey).[3]

According to the Canada Employment Insurance Commission’s (CEIC) most recent assessment of the 1996 EI reforms, EI continues to meet its primary objectives of providing temporary income support for people who lose their jobs while assisting them to become re-employed; and by providing maternity, parental and sickness benefits. Nevertheless, and despite a strong economy, the Committee was frequently told that some regions of Canada continue to experience relatively high levels of unemployment and continue to experience problems adjusting to the 1996 reforms.

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1 Standing Committee on Human Resources Development and the Status of Persons with Disabilities (HRDP), *Evidence*, Meeting No. 5 (15:45), 28 February 2001.

2 B/U is a broad measure of coverage based on the ratio of the number of regular beneficiaries (B) to the number of unemployed (U). According to a study undertaken by Human Resources Development Canada called *An Analysis of Employment Insurance Benefit Coverage*, roughly 50% of the decline in the B/U ratio between 1990 and 1997 was attributed to policy/program changes, 43% was due to changes in the labour market (e.g. longer spells of unemployment, higher levels of self-employment, etc.) and the rest was attributed to a change in the ratio of beneficiaries with earnings to unemployment.

3 Canada Employment Insurance Commission (CEIC), *Employment Insurance: 2000 Monitoring and Assessment Report*, 22 December 2000, p. 14.

> We [the government] remain . . . absolutely committed to the intentions of the amendments in 1996. A vast majority of these amendments are working and working well. The ones we are addressing in Bill C-2 are ones we have found not to be giving us results that we expected. So we think, as I believe the IMF thinks, that it's right to make changes as appropriate. (The Honourable Jane Stewart, Minister, Human Resources Development Canada)[4]

According to the most recent data available, claimants use, on average, less than two-thirds of their benefit entitlement and only a small proportion (12%) of those who become unemployed experience a drop in family income.[5] The Committee suspects that many of those who suffer a drop in family income reside in high unemployment areas of the country. Claim frequency has also declined, although much of this has occurred among non-seasonal workers. This suggests that seasonal workers face limited employment opportunities in the off-season and will continue to use EI even during periods of strong economic growth.[6] The Minister of Human Resources Development Canada (HRDC) told the Committee that the percentage of frequent claimants who are seasonal workers remains at the same level as that prior to the reform. In addition to the intensity rule's marginal effectiveness in reducing EI frequency, the Minister also indicated that this provision has had the unintended consequence of being punitive. It is for these reasons that the government decided to eliminate experience-rated benefits.

Many low-income workers reside in labour markets that offer unstable employment and these workers rely on EI for income support during periods of unemployment. The Committee was told repeatedly, that year-round employment opportunities are limited in many parts of the country and that seasonal employment is a fact of life. This is implicitly recognized in Bill C-2, and while favourably received by many witnesses, the Committee was told that this legislation did not go far enough to address some of the ongoing problems associated with the 1996 reforms. Some recommended that EI be significantly softened and returned to a program like that which operated in the early 1970s. Although all Committee members acknowledge the need to continue to fine-tune the EI program, most oppose a significant dismantling of the 1996 reforms.

> Many of our members face layoffs from time to time because of the cyclical nature of the industries that we exist in. Hardest hit for sure are our seasonal forest workers. Mr. Budgell is going to tell you about that in a few minutes. He will tell you how important those EI benefits are to his members and especially to the communities where those members live and try to exist. It's clearly a lifeline for those members and their communities. (Mr. Brian Payne, President, Communications, Energy and Paperworkers Union of Canada)[7]

Today, we need an EI program that provides adequate access and income support to unemployed workers, while maintaining incentives for individuals to secure jobs and

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4 HRDP, *Evidence*, Meeting No. 2 (16:50), 21 February 2001.

5 CEIC, p. 46.

6 Ibid, p. 48.

7 HRDP, *Evidence*, Meeting No. 9 (15:55), 14 March 2001.

invest in skills required in the workplace. Of equal importance, EI must be fair to all premium payers. What follows is a discussion on how EI might be further improved so as to achieve these ongoing policy objectives.

III. KEY CONCERNS RAISED DURING OUR HEARINGS

A. Qualifying for Benefits

Two important features of the 1996 EI reform were the extension of coverage to the first hour of work and the introduction of an hours-based qualification and benefit entitlement structure. This reform eliminated the notion of minimum insurability, believed to be an important contributor to the "15-hour job trap," and was designed to provide greater flexibility for workers employed in non-standard jobs (e.g. multiple job holders, long-hour workweeks, etc.).

Under the EI reform, the 12 to 20 weeks-based qualification requirement was converted to 420 to 700 hours using a 35-hour workweek. The requirement for new entrants and re-entrants was significantly increased from 20 weeks to 910 hours so as to reduce EI dependency and to encourage workers, especially young ones, with a tenuous attachment to the labour force to establish stronger ties with work. The Committee was told that this new rule has had both positive and negative effects. In terms of youths, the Committee was told that UI/EI reforms in the 1990s have had a positive impact on job duration and schooling among individuals 18 to 29 years old in Atlantic Canada. While it is difficult to isolate the factors underlying these trends, the Committee was told that the 1996 EI reform was partly responsible for these positive results. The Committee was also advised that the elimination of experience-rating could undermine these positive trends.

> The reforms of the 1990s, the 1994 reform and the 1996 reform, in concert resulted in a considerable increase in the length of time young Canadians, aged 18 to 29, work in a year. The greatest increase in the length of time worked has been in rural Atlantic Canada, where people in 1997 work almost four weeks longer than in 1987. The percentage of young Canadians in both urban and rural areas receiving EI has dropped dramatically. In rural Atlantic Canada it has dropped by 18 percentage points, from 43% to 24%. Young Canadians have substantially increased their level of education participation. In Atlantic Canada urban young people's participation rates went from 20.9% to 32.7%, which is actually now above the national average. Rural young people in Atlantic Canada have increased from 16.1% to 24.5% participation in education. (Professor Rick Audas, University of New Brunswick) [8]

The Committee was told that it is more difficult for individuals to qualify under the hours-based qualification requirement than the former weeks-based one, leading some to recommend a substantial reduction in the qualification requirement (e.g. a universal minimum qualification requirement of 350 hours). One of the reasons why the hours-based requirement is perceived to be more stringent might be due to the fact that under the former weeks-based qualification requirement a week was insurable if it involved at least 15 hours of insurable work or involved weekly earnings at least equal to 20% of maximum

8 HRDP, *Evidence*, Meeting No. 5 (15:40), 28 February 2001.

weekly insurable earnings. Another contributor might be the 35-hour workweek used to calculate the hours-based system. In 1996, average actual hours worked in all full-time jobs was 39.2 hours, but only 16.4 hours in all part-time jobs. According to an ongoing study conducted by HRDC, the hours-based qualification requirement did not significantly alter overall eligibility. Despite this general observation, it is important to note that eligibility under the hours-based system has had a different impact on various groups in the labour market; eligibility has increased among men, but declined among women and youths.[9] Multiple job-holders have also benefited under the hours-based system, as some of these workers were unable to consolidate weekly hours of work prior to the 1996 EI reform.

Most members of the Committee believe that there is some scope for modifying EI's qualification requirements, especially in terms of the qualification requirement for new entrants and re-entrants. Many witnesses indicated that the qualification requirement for new entrants and re-entrants under the hours-based system has had a detrimental effect on women's eligibility. This results mainly from the fact that the incidence of part-time employment is much higher among women than among men and women tend to enter and exit the labour market more frequently than their male counterparts.[10] It is for this reason, that the government recently reduced the qualification requirement for special benefits from 700 hours to 600 hours (including new entrants/re-entrants) and proposed in Bill C-2 to redefine new entrant/re-entrant by extending the labour force attachment of individuals who collect maternity or parental benefits in the four-year period preceding the current two-year look-back period.

As noted above, the hours-based qualification requirement has reduced eligibility among women and youths. The Committee believes that this result is primarily due to the 910-hour qualification requirement for new entrants and re-entrants, a threshold that greatly exceeds the former 20-week qualification requirement imposed on this group of workers.[*] While the policy objective underlying the higher qualification requirement for new entrants/re-entrants is intended to reduce EI dependency, the Committee was informed that fiscal considerations also played a role in establishing its current level. Furthermore, the Committee notes that the current qualification requirement for this group is significantly lower for special benefits than regular benefits. We have concerns with this differential qualification requirement and note that its existence lends itself to inequitable treatment among new entrants and re-entrants qualifying for regular benefits. The reason for this is that when a new entrant/re-entrant qualifies for special benefits, these benefits can be used to determine whether an individual is a new entrant or re-entrant for the purposes of qualifying for regular benefits.

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9 CEIC, p. 15.

10 This issue was raised in a recent Canadian Umpire Board Decision (CUB 51142) pertaining to an appeal by a registered nurse named Kelly Lesiuk. This ruling suggested that the differentiated qualification requirement for special and regular benefits was unfair to women who must work part-time because they are primary caregivers.

* The NDP considers that the requirement for new entrants and re-entrants should be 350 hours.

> . . . I would definitely make changes with respect to the employment insurance eligibility criteria for new entrants. Those who are the most penalized are young people, women and casual employees. It's almost impossible to accumulate 910 insurable employment hours. (Ms. Lyne Poirier, Consultant, Comité de chômeurs du Saguenay — Lac-St-Jean)[11]

> I feel that the act as a whole is performing fairly well. I feel that unemployment insurance is of fundamental importance to this nation . . . I think that the 910 hours is a terrible barrier to entry. It had nothing to do with anything structural in the 1996 reform. You could get rid of that in a minute. (Professor Alice Nakamura, University of Alberta)[12]

In view of the growing potential for inequitable treatment among new entrants and re-entrants as well as our belief that the policy to reduce EI dependency extends well beyond the intended target group, the Committee believes that the 910-hour threshold should be lowered. The Committee also believes that the government should re-examine and eliminate any inequities in the existing qualification requirements for regular and special benefits.

Recommendation 1:

The Committee recommends that:

- **the government consider reducing the qualification requirement for new entrants and re-entrants from its current level of 910 hours to 700 hours. This would establish a qualification requirement based on a 35-hour week that is equal to the 20-week requirement that applied to this group prior to the EI reform.***
- **the government consider restructuring the 420 to 700 hours qualification requirement to better reflect the unemployment problems experienced by seasonal workers.****
- **the government consider further reducing the qualification requirement for special benefits.*****

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11 HRDP, *Evidence*, Meeting No. 12 (15:45), 15 March 2001.

12 HRDP, *Evidence*, Meeting No. 15 (17:00), 21 March 2001.

* Although the Bloc Québécois believes that reducing the number of hours from 910 hours to 700 hours is a step in the right direction, it maintains that the concept of "new entrant or re-entrant" should be completely abolished in order to thereby eliminate discrimination in areas of high unemployment.

** The Bloc Québécois believes that a separate category should be created for seasonal workers and that a special 420-hour eligibility threshold should be established for this class of workers.

*** The Canadian Alliance feels strongly that a complete review of the financial impact on the EI fund, employers' premiums and employees' premiums must be undertaken before this recommendation can be implemented.

The Committee is also concerned with the existing definition of a new entrant and re-entrant, particularly in view of Bill C-2's proposed redefinition that would exclude individuals who receive maternity/parental benefits in the four-year period preceding the current two-year look-back period. Under the current definition, an individual is a new entrant or re-entrant if in the 52-week period preceding the qualifying period the individual did not obtain 490 (a) hours of insurable employment; (b) hours for which benefits were paid, based on 35 hours for each week of benefits; (c) prescribed hours that relate to employment in the labour force; or (d) any combination of the aforementioned hours.[13]

Witnesses generally applauded the government's proposal to extend the look-back period for women who leave the labour market to raise a family, but questioned why the definition of a re-entrant should be relaxed for family-friendly reasons and not for other workers who can demonstrate a very strong attachment to the labour force. We were told that the existing definition of new entrants and re-entrants does not reflect many of the realities found in today's labour market. For instance, when older workers with obsolete skills are displaced they often experience long spells of unemployment before securing a new job. Despite years and years of labour force attachment, the time spent unemployed, at least in this context, is not counted as prescribed hours of attachment to the labour force. Growth in non-standard work has also created difficulties for many workers, especially women, employed in part-time jobs, some of whom are unable to escape the definition of a new entrant or re-entrant, despite years of paying premiums.

Recommendation 2:

The Committee recommends that the government consider amending the *Employment Insurance Act* so as to adopt a new definition of a new entrant and re-entrant that excludes individuals who can demonstrate a long attachment to the labour force. The new definition should also exclude those who receive at least one week of sickness benefits in the four-year period preceding the current two-year look-back period.

B. Benefit Entitlement

The benefit entitlement structure was also modified under the 1996 reform. In addition to converting entitlement to an hours-based system, the maximum duration of benefits was lowered from 50 to 45 weeks of benefits. Individuals who work long weekly hours qualify for more benefits under the hours-based system than the former weeks-based system, since the latter treated a 15-hour week as the same as a 45-hour week. According to ongoing analysis by HRDC, average entitlement under the hours-based system has remained roughly the same as that under the former entitlement structure. Like that found for the qualification requirement, the hours-based entitlement

[13] According to section 12 of the *Employment Insurance Regulations*, prescribed hours include, among others, a week in which workers' compensation payments were received, a week in which an income support grant payment was received under the Atlantic Groundfish Strategy (excluding early retirement), a week attending a training course to which a referral was made by the Commission, and a week of unemployment due to a labour dispute.

structure has had a varied impact on different groups in the labour market. For example, HRDC maintains that entitlement has increased among men, who usually work longer hours than women; older workers; and workers in Atlantic Canada where weekly hours of work are higher due to the predominance of seasonal employment. HRDC estimates that seasonal workers work five more hours per week than do non-seasonal workers. Entitlement among women, on the other hand, has declined, due in large measure to this group's lower attachment to seasonal work and higher incidence of part-time employment.[14]

Actual average benefit duration has declined somewhat since the 1996 reform, from 23.3 weeks in 1995-96 to 21 weeks in 1998-99. In addition, only about one in five claimants use all of their regular benefit entitlement (i.e. "exhaust" their benefits), down 14% since the EI reforms. According to HRDC, improved labour market conditions are a significant contributor to the reduction in the average duration of claims during this period.[15]

Despite some evidence that average benefit entitlement among seasonal workers increased under the 1996 reform, a significant number of witnesses complained about the "gapper" (more recently called the "black hole") problem, a situation that arises when a worker is unable to obtain enough weeks of benefits to bridge the period between the end of and the beginning of the work season. Seasonal industries are vital to the Canadian economy and many regions of the country[*] and the Committee encourages the government to redouble its efforts to work with seasonal industries and their employees to improve employment prospects.

> Another thing we never hear about are the people who fall through the gap in spring. Yet, Madam Chair, in your riding — or near your riding — there's a bicycle manufacturing plant. Dozens and dozens of people find themselves in great difficulty because the benefits to which they are entitled simply don't last long enough. Their situation becomes extremely precarious. The employment insurance fund does have enough money to remedy the problem. The CSD firmly believes that the surplus would make it possible to remedy such problems. (Mr. François Vaudreuil, President, Centrale des syndicats démocratiques)[16]

Recently, maximum benefit entitlement for maternity/parental benefits was raised from 25 to 50 weeks of benefits, 5 weeks more than the maximum duration of regular benefits. While the increased duration of special benefits was favourably endorsed by most of our witnesses, some called for comparable treatment in terms of maximum entitlement for regular benefits. This should not be surprising given that the maximum duration of regular benefits has historically exceeded special benefits, at least until the beginning of

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14 CEIC, p. 16.

15 Ibid., p. 17.

* The NDP deplores the fact that the government does not recognize seasonal work and the impact of this type of economic activity. The NDP contends that the government should increase the number of weeks of benefits and thereby recognize the men and women who work in these seasonal industries.

16 HRDP, *Evidence*, Meeting No. 11 (12:55), 15 March 2001.

2001. Moreover, it seems somewhat perverse that maximum benefit entitlement would be less for regular benefits, as these benefits constitute the primary purpose of EI/UI in the first place, that being wage replacement for involuntary unemployment.

Recommendation 3:

The Committee recommends that the government consider readjusting Schedule I of the *Employment Insurance Act* so as to provide a maximum benefit entitlement of 50 weeks like that afforded combined maternity/parental benefits. Compared to the existing Schedule 1, consideration should be given to augmenting benefit entitlement beyond the minimum hourly qualification requirement so as to provide an additional incentive to work for a longer period of time than the minimum number of hours required to qualify for benefits. The new Schedule 1 should provide no more than a maximum increase of five additional weeks of benefits for any given combination of hours of insurable employment and regional unemployment rates. In addition, Schedule 1 should be reconfigured, to the greatest extent possible, to ameliorate the "gapper" problem.

Several witnesses indicated that older unemployed workers should be entitled to a longer benefit period, as these workers no longer have access to income support like that provided under the Program for Older Worker Adjustment to bridge the period between unemployment and retirement. This issue was also addressed in a report entitled *Looking Ahead: An Interim Report on Older Workers* tabled by this Committee in June 1999. Despite its passive nature, income support is really the only alternative for many older, unskilled unemployed workers who reside in areas where employment opportunities are extremely limited. And in the absence of publicly funded job creation measures, many of these workers have no alternative to social assistance.

Recommendation 4:

The Committee recommends that Human Resources Development Canada study the feasibility of providing a longer benefit period for older displaced workers who lack the skills to find new employment and for whom an investment in new skills is uneconomic.[*]

C. Average Weekly Earnings and the Divisor

As a way of encouraging individuals to work beyond the minimum qualification requirement, the 1996 reform implemented a new method for calculating weekly benefits.

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[*] The Canadian Alliance believes that the solution for older displaced workers lies in the area of increased access to training rather than in prolonged benefits. By increasing the benefit period for older workers, the EI system moves further into the realm of being a social program, rather than an insurance system which we believe it should be.

Prior to this, weekly insurable earnings were averaged over the number of "qualifying weeks" (i.e. the minimum weekly qualification requirement). Today, weekly insurable earnings are averaged over the larger of the following two divisors: the number of weeks in which a claimant had earnings in the last 26 weeks of the qualifying period (also called maximum rate calculation period) or the divisor (i.e. 14 to 22 depending on the regional rate of unemployment). In essence, the divisor is equal to the weekly equivalent of the minimum hourly qualification requirement (based on 35 hours per week) plus two. The purpose of this reform is to encourage individuals to work longer than the minimum qualification requirement. Shortly after its implementation, it was found that there were work disincentives inherent in the new approach for determining average weekly earnings. In response to this, the government implemented two types of pilot projects to determine the best way to treat earnings in "small" weeks exceeding the divisor. These projects were extended in 1998 and are supposed to end in November 2001. Although only a few witnesses commented on these pilot projects, there seems to be some support for permanently adopting the "exclusion method." This method only includes those weeks of insurable employment for which weekly earnings are highest.

According to HRDC data, only about 2% of claimants nationally fail to get the full two weeks of work over the minimum entrance requirement to maximize the benefits for which they are eligible.[17] While these data are not readily available by region, we know that the proportion of claims established with short spells of employment is relatively higher in regions with higher unemployment.[18] Many witnesses objected to the divisor as this program feature is viewed as unfair and punitive, since it penalizes workers who meet the minimum qualification requirement by further lowering weekly benefits that have already been reduced through other program reforms such as the reduction in maximum weekly insurable earnings. Moreover, the divisor undermines the hours-based approach that is touted as being beneficial to workers whose employment involves concentrated workweeks. For example, even though a worker may amass 490 or more hours of insurable employment in a 12-week period, this worker's earnings would be averaged using a divisor of 14 (assuming a regional rate of unemployment above 13%), despite the fact that the weekly equivalent of the hours actually worked (based on a 35-hour workweek) is equal to or greater than 14.

Recommendation 5:

The Committee recommends that:

- **the government review and consider the possibility of eliminating the current divisor. We feel that there is an incentive to work extra hours by providing a longer benefit period to those who work beyond the minimum hourly qualification requirement and this incentive would be**

17 CEIC, p. 15.

18 "Short" spells of employment refer to claims based on insured employment not exceeding two weeks above the minimum qualification requirement. See CEIC, Annex 2, p. 2.5.

strengthened if the government were to restructure Schedule 1 of the *Employment Insurance Act* as discussed above.

- **the government consider formally legislating the current treatment of "low earning weeks."**

The Committee was also apprised of a drawback associated with the current period — the maximum rate calculation period — for averaging earnings for the purposes of determining weekly EI benefits. Under this program feature, only the last 26 weeks of the qualifying period are considered for this purpose. Hence, workers who work the same hours and receive the same total earnings over the same qualifying period may end up with vastly different weekly benefits. This arises, for example, if a worker has relatively higher (lower) earnings in the first (second) half of the worker's qualifying period, compared to another worker who has relatively lower (higher) earnings in the first (latter) half of the qualifying period.*

> Mr. Chairman, I would like to say something about the divisor. This is a means of diminishing the benefits of 60% or 70% of the people who apply for employment insurance benefits. Let us take the case of a fisherman who claims 60 or 70 hours per week, and who must fish for lobster for a 10-week period. He sees a significant decrease in his income, because in our area the divisor is 14. It is something that should not even exist. We should calculate the benefit rate using the number of weeks worked over 52 weeks. The 26-week rate calculation period also heavily penalizes people who work in the maple sugar business in the spring and who could, in the fall, have another small job in order to top up the number of weeks. When they start to work again in the springtime, the weeks worked in the fall no longer even count in their divisor if they were not able to qualify for employment insurance with their fall work. Therefore, the divisor was clearly created to reduce. We were told that eligibility must be expanded. I quite agree, but when eligibility is opened up, a divisor is imposed for the last 26 weeks, which means that they have access to the plan but they receive only a pathetic amount. (Mr. Gaétan Cousineau, Coalition Gaspésie — Les Îles, Matapédia, Matane)[19]

The Committee believes that the existing divisor and maximum rate calculation period are unfair and, in the latter case, a potential disincentive to work.

Recommendation 6:

The Committee recommends that the government consider adopting the qualifying period as the new period over which earnings are averaged. Only the highest earning weeks should be included and these earnings should be averaged over a number of weeks equal to the weekly equivalent (based on a 35-hour week) of the applicable minimum hourly qualification requirement.

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* The NDP contends that this calculation is unfair. According to the NDP, the number of hours required for eligibility for employment insurance benefits should be the hours in the best weeks during a 52-week period.

19 HRDP, *Evidence*, Meeting No. 14, (16:20), 20 March 2001.

D. Benefit Rate

Prior to the 1996 EI reforms, a two-tier benefit rate was applied to average weekly insurable earnings to calculate weekly benefits. One benefit rate, 55%, was applicable to most claimants. The other, 60%, was the benefit rate for claimants with low insurable earnings and with dependants. Under the 1996 EI reforms, the latter benefit rate became a better targeted payment called the Family Supplement. Unlike its predecessor, the Family Supplement is based on yearly family income, and considers the number of children in a claimant's family. Moreover, this top-up provides a much higher effective benefit rate than its predecessor, reaching its maximum level of 80% of average weekly insurable earnings in 2000.

While many witnesses called for an increase in the benefit rate — ranging from 60% to 66%[*] — the Committee was also told that it is necessary to strike a balance between meeting the income needs of eligible unemployed workers and the incentive to work.

According to the most recent data available, the Family Supplement increased average weekly benefits among eligible claimants by $43 per week in 1999-00. With this top-up, average weekly benefits for claimants entitled to the Family Supplement were $254 in 1999-00, roughly 38% higher than they were before EI was introduced.[20] In addition, HRDC data also indicate that only about 12% of those who become unemployed witness a drop in household consumer spending one year later, a figure that an HRDC official suggested was an important measure of whether the level of EI benefits is sufficient or not.

> These are important questions in terms of ensuring that there is the income adequacy. Certainly, when looking at the issue of the benefit rate, we need to strike a balance between ensuring that there is sufficient support provided to those people that need it. At the same time as ensuring that we have the work incentives right. So that is why we have the family supplement, and the family supplement has, as you pointed out, gone up each and every year quite recently. (Ms. Wilma Vreeswijk, Acting Director General, Labour Market Policy, Human Resources Development Canada)[21]

Members of the Committee have mixed views regarding the existing benefit rate; some do not support an increase in benefit rate at this time, while others would like the government to study the possibility of increasing the rate to 60%.

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* The NDP supports the idea of a benefit rate of 66%.

20 CEIC, p. 10.

21 HRDP, *Evidence*, Meeting No. 19, (12:05), 24 April 2001.

E. Coverage

1. Coverage for Individuals with Low Earnings

Prior to the 1996 reform, individuals who worked fewer than 15 hours in insurable work or earned less than 20% of maximum weekly insurable earnings were not covered under UI. As noted above, the first hour of work is covered under EI, but in order to reduce the impact of this on low-income individuals, those who earn less than $2,000 a year are entitled to a full premium refund. This refund is considered by some to be too low as it fails to capture many individuals (e.g. students) who earn more than $2,000 per year, but are unable to obtain enough hours of insurable employment to access EI.

According to the most recent available data, more than 1.2 million individuals were eligible for a premium refund in 1998. However, only 838,620 individuals applied to have their premiums refunded.[22] The fact that almost one-third of those eligible for a premium refund failed to do so concerns us; it is virtually impossible for individuals earning less than $2,000 to qualify for EI. To reduce administrative complexity and to ensure that all individuals, not just those who apply for a premium refund by filing an income tax return, are treated equally, it was suggested that the government introduce a yearly basic EI premium exemption on the first $2,000 of earnings. This approach is not only fairer to workers with low earnings, but also to employers who are currently required to pay premiums on behalf of workers who receive a premium refund. This latter issue is addressed in recommendation 12.

22 CEIC, p. 37.

> A yearly basic exemption (YBE) is incorporated into the Canada and Quebec pension plans, whereby the first $3,500 of earnings are not subject to CPP or QPP premiums. The YBE makes these programs less regressive. We propose the establishment of a $2,000 yearly basic exemption on EI premiums to make this program more progressive as well. The cost, the advantages, and the ease of administering a YBE in the EI program are outlined in our brief. (Ms. Joyce Reynolds, Senior Director, Government Affairs, Canadian Restaurant and Food Services Association)[23]

Recommendation 7:

The Committee recommends that the government consider increasing the current earnings threshold for an EI premium refund to $3,000 as well as consider converting this refund to a yearly basic premium exemption.

2. Self-employment

Several witnesses expressed concern about the recent rapid growth in self-employment and the fact that a growing number of self-employed workers are denied the protection afforded by EI. Except for self-employed fishermen, self-employed workers are not insurable under the *Employment Insurance Act*.[24] The primary reason for this is the "moral hazard" problem that arises from the fact that self-employed workers can control whether they accept work or create the conditions necessary for unemployment. Thus, program administrators would face the challenge of distinguishing between involuntary and voluntary unemployment among self-employed workers. The moral hazard problem is considered to be less serious in the case of special benefits, since the conditions triggering these benefits provide program administrators with greater control over access to them.

Recommendation 8:

In view of the growing incidence of self-employment in the Canadian labour market, the Committee recommends that the government consider developing a framework for extending EI coverage, both in terms of regular and special benefits, to self-employed workers.

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23 HRDP, *Evidence*, Meeting No. 4 (11:35), 27 February 2001.

24 The extension of UI coverage to self-employed fishermen in 1956 was intended as a temporary measure. Coverage was supposed to end when a plan that was being developed to protect fishermen's incomes against uncertainty in the fishing industry was ready for implementation (see G. Dingledine*, A Chronology of Response: The Evolution of Unemployment Insurance from 1940 to 1980*, prepared for Employment and Immigration Canada, Minister of Supply and Services Canada, 1981, p. 60).

Another issue pertaining to self-employment that was raised during our hearings on Bill C-2 relates to the problem created by what some refer to as dual-earner status (i.e. individuals who are self-employed, but who work in paid employment at various points throughout the year). In many instances, these workers are unable to access EI when paid employment is lost, because they are self-employed and therefore unable to demonstrate that they are unemployed, a necessary condition for receiving EI benefits.

> Given the extremely low salaries earned by most in the cultural sector through their cultural work alone (the average income in the cultural sector hovers around the $13,000 per annum mark) many turn to other sources of income. Symphony musicians might teach, actors work as bartenders, etc. There continues to be ambiguity over the ability of self-employed artists and cultural workers to access social benefits, such as employment insurance, even when obliged to pay premiums through deductions from work carried out in an employment situation. In addition there is no compensatory system for reimbursement to self-employed individuals for any EI premiums paid. (Ms. Philippa Borgal, Associate Director, Canadian Conference of the Arts)[25]

Recommendation 9:

The Committee recommends that the government consider extending better EI coverage to workers employed in both paid and self-employment. In the event that the government does not extend coverage to self-employed workers, a premium refund should be provided to those who work in insurable employment but are unable to establish a claim because they are also self-employed.[*]

F. Part II Training

There is little doubt that having the right skills in today's labour market is becoming increasingly important. This reality was recognized in the recent Speech from the Throne as evidenced by the emphasis afforded skills and learning.

> Building a skilled work force must be a national effort. The Government of Canada will work with provinces and territories and with non-governmental organizations to ensure that all Canadians, young and old, can achieve their learning goals. Canada must see at least one million more adults pursue learning opportunities during the next five years.[26]

The Committee was told that the 1996 EI reforms helped to strengthen incentives to invest in training, especially among youths residing in areas that are highly dependent on

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25 HRDP, *Evidence*, Meeting No. 10 (17:55), 14 March 2001.

* The Canadian Alliance believes the recommendations pertaining to self-employment require further study. The notion of including the self-employed in the system is sound on its surface, but the structure of how that would fit into the existing system requires careful planning and a full analysis of the financial implications.

26 *Speech from the Throne*, 30 January 2001, page 7 of 26.

seasonal work. Others who appeared before the Committee did not share this view, however, and suggested that some of the policy changes accompanying the transfer of labour market training to the provinces and territories were wanting, especially in terms of eligibility for Part II training and funding for apprentices during their two-week waiting period.

1. Access to Part II Training

Under the 1996 EI reforms, the government established what is commonly referred to as Part II benefits (formerly UI developmental uses). Part II benefits are designed to help eligible individuals adjust to unemployment through active measures such as wage subsidies, skills training or self-employment assistance. Under the *Employment Insurance Act*, only "insured participants" (i.e. those who have established a benefit period, those whose benefit period has ended within the previous 36 months, and those who have received maternity/parental benefits in the past 60 months) are eligible to receive Part II benefits. Several witnesses indicated that this definition fails to address the adjustment needs of many unemployed individuals and should be broadened.

> But training is where the future is, and access to skills training dollars is tied to EI eligibility. EI eligibility in turn is tied to insurable earnings from actual labour-force participation. The unemployed in P.E.I. face structural barriers to employment and are often excluded from training opportunities. (Mr. Felix MacDonald, Treasurer, Prince Edward Island Federation of Labour)[27]

> First of all, I think the point needs to be made that access to training and education funding under the EI program is extremely limited. As a matter of fact, it's more limited now than it has ever been. I think that point has to be made. I would argue that access to training and education under the EI program needs to be expanded. Right now you have to be on unemployment insurance and be unemployed in order to qualify for EI training. I've had discussions with employers and workers alike; they are extremely concerned. There is no way an employer and a group of workers, working collectively, can even access EI funding in order to upgrade skill levels, to enhance employability, or to maintain employment. There's no room for proactivity under the EI program with respect to training. (Mrs. Elaine Price, President, Newfoundland and Labrador Federation of Labour)[28]

As of the beginning of 2001, EI offers a combined total of 50 weeks of maternity and parental benefits. Most witnesses supported this policy decision, although some disagreed with using EI as the means for delivering it. Furthermore, the Committee was told that the long benefit period currently associated with maternity/parental benefits is expected to create problems for employers in maintaining a skilled workforce. To address this potential problem, it was suggested that employers who face difficulties finding workers to replace those receiving maternity/parental benefits be given some financial assistance under Part II to ensure that their skill needs are met.

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27 HRDP, *Evidence*, Meeting No. 7 (10:35), 13 March 2001.

28 HRDP, *Evidence*, Meeting No. 7 (11:50), 13 March 2001.

> We surveyed our members on pregnancy and parental leave benefits. There was a strong belief that if parents and their children can spend considerable time together to bond and establish their relationship early in life, it is truly beneficial. There was also real concern on the part of employers about the loss of an employee for up to a year. There was concern about training a replacement and then having to retrain their regular employee when he or she returns. Most small businesses are experiencing a tight bottom line and do not have additional funds for training. (Ms. J. Arsenault, President, Greater Summerside Chamber of Commerce)[29]

Recommendation 10:

The Committee recommends that:

- **the government consider making more training funds available to help employers experiencing serious difficulties finding adequately skilled workers to replace those receiving maternity/parental benefits.**

- **the government consider offering a premium refund to employers as an incentive to provide incremental training to workers. Expenditures on this initiative should not be included in the expenditure limit referred to in section 78 of the *Employment Insurance Act.***

- **the government consider amending section 78 of the *Employment Insurance Act* to require that 0.8% of estimated total insurable earnings be allocated each year to Part II Employment Benefits and Support Measures.**[30]

- **the government consider amending section 58 of the *Employment Insurance Act* to expand access to Part II training and other Employment Benefits and Support Measures by applying a five-year look-back period to all individuals, irrespective of the type of EI benefits received during this period.**

2. Apprenticeship Training: The Two-week Waiting Period

Several witnesses discussed the issue of non-funding during the two-week waiting period served by apprentices enrolled in classroom training. Unlike the past, apprentices no longer receive federal training allowances during the first two weeks of classroom training, otherwise known as their two-week waiting period. The Committee was told that this gap in income support entails a significant disincentive for individuals to pursue this avenue of skill development. Moreover, it was noted that the current policy is contrary to the importance given to skills and learning in the recent Speech from the Throne.

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29 HRDP, *Evidence*, Meeting No. 13 (11:45), 20 March 2001.

30 According to information provided in HRDC's most recent *Report on Plans and Priorities* the government intends to spend $2.2 billion on Employment Benefits and Support Measures in 2001-02, 0.62% of total estimated insurable earnings of $356.7 billion.

> The recessions of the mid-eighties and into the nineties did not encourage people to go into a trade. Apprentices by and large in Canada are people who average around 30 years of age. They are learners, not students in the traditional sense. They're usually married people. They are on their own. They are not getting student loans. They have responsibilities and families, and they make a low wage as apprentices. They have no control over when they are going to go for their technical training. (Mr. Robert Blakely, Canadian Director, Building and Construction Trades Department)[31]

When apprentices start the classroom portion of their apprenticeship training they are officially laid off so as to allow them to establish a claim for EI benefits. Prior to the 1996 EI reforms, training allowances were paid to apprentices, under the *National Training Act*, during their two-week waiting period. However, when the *Employment Insurance Act* was passed in 1996, the *National Training Act* was repealed. Moreover, section 16 of the *Employment Insurance Regulations* now treat training allowances paid to claimants attending a course or program of instruction or training (to which a referral by the Commission has not been made) as earnings and therefore deductible from EI benefits.

While members of the Committee are uncertain as to the impact of the current policy on the supply of apprentices across the country, we do recognize the importance of apprenticeship training in this country and its contribution to supplying many important skills needed in the workplace. Given the potential deleterious effect on decisions to engage in apprenticeship training, the Committee believes that the current policy regarding apprentices and the treatment of income received by them during their waiting period must be re-examined.

Recommendation 11:

The Committee recommends that the two-week waiting period must be eliminated for those engaged in approved training.

G. EI Governance and Financing

Virtually every witness who appeared before the Committee during our hearings on Bill C-2 expressed dissatisfaction with the way in which the government is using EI revenues. Many, including the Auditor General of Canada, voiced concerns about the excessive size of the so-called EI reserve. Some called for a separate and more autonomous EI fund (i.e. something that would operate outside of the Consolidated Revenue Fund and at arm's length from the government). Many also suggested that the current premium rate is too high, particularly in view of the somewhat smaller and less costly EI program that exists today and recent growth in payroll taxes.

Pursuant to section 66 of the *Employment Insurance Act*, the Canada Employment Insurance Commission is, to the extent possible, supposed to set premiums at a level that would cover program costs over a business cycle and provide for premium rate stability over the same period. Since the inception of the *Employment Insurance Act*, premium

31 HRDP, *Evidence*, Meeting No. 3 (11:40), 22 February 2001.

levels have generated year-end surpluses to the extent that the "reserve" in the EI Account is expected to exceed $35 billion by the end of 2000-01. This cumulative surplus is more than twice the upper limit of the "reserve" deemed necessary by EI's Chief Actuary to meet the premium rate-setting objectives set out in the Act. In fact, the Auditor General of Canada told the Committee that given the current size of the reserve he would be "hard pressed to conclude that the intent of the law has been respected."[32]

Despite the fact that section 3(1) of the *Employment Insurance Act* requires the Commission to examine how individuals, communities and the economy are adjusting to the *Employment Insurance Act*, the "reserve" and the level of EI premiums have not garnered a great deal of attention in the Commission's monitoring and assessment reports. Given the fiscal significance of EI's specified purpose tax, the Commission's annual assessment of EI reform (i.e. the monitoring and assessment reports) should consider the impact of EI premiums on program contributors and the economy generally. In addition to this shortcoming, some members of the Committee believe that the content in these reports generally could be greatly improved.

In view of the size of the EI reserve, many witnesses suggested that EI premiums be lowered. Others suggested that EI expenditures be increased to a level that is commensurate with the reserve in the EI Account. And virtually all witnesses who spoke to this issue were dissatisfied with the government's decision to use EI contributions for non-EI purposes. Many felt that the government does not have the authority to do this. And, in fact, we were told that there are legal proceedings underway challenging the constitutional authority of the federal government to use EI contributions for purposes other than unemployment insurance.[33]

> Again, we recognize that with the way employment insurance premiums are being treated now, this has become a tax. From an economist's point of view, this is a very regressive tax. It's a hidden tax, and, for principles of sound fiscal management, it should not be managed the way it is. For that reason, we also propose that there be some structural changes made, number one being that the employment insurance account be taken out of the general budget, be taken out of general revenues, and be accounted for separately in a way that does basically look at the requirements and at what is being paid into the system on its own, apart from general revenues. (Mr. Jayson Myers, Senior Vice-President and Chief Economist, Canadian Manufacturers and Exporters) [34]

The Committee was also told that the "reserve" is a notional one. As this money is part of the Consolidated Revenue Fund it has been allocated according to the government's fiscal plan. Some witnesses acknowledged that this money has been spent, but wanted some assurance that EI premiums will not increase if Canada has an economic downturn.

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32 HRDP, *Evidence*, Meeting No. 15 (15:35), 21 March 2001.

33 HRDP, *Evidence*, Meeting No. 11 (13:20), 15 March 2001.

34 HRDP, *Evidence*, Meeting No. 6 (11:40), 1 March 2001.

> Since, as the government acknowledges, the EI surplus is spent, what will happen when, sooner or later, a recession hits and the demand for EI benefits soars? The government must not be put in the position where it must make a choice between raising EI rates or increasing its debt. [The] CFIB would like assurances in the act that the EI premium rate will not be increased if there is a shortfall due to a slower economy, which may occur while the government is reviewing the premium rate-setting process. (Mr. Garth Whyte, Senior Vice-President, National Affairs, Canadian Federation of Independent Business)[35]

Other witnesses maintained that the EI reserve represents a liability to EI contributors. This view, however, was not supported by the Auditor General who told the Committee that the reserve did not represent a debt obligation on the part of the government to EI contributors,[36] despite the fact that optional, albeit notional, interest is paid on the reserve in the EI Account. While the Auditor General welcomed the government's decision to review the premium rate-setting process, this decision did not address his and many others' concerns regarding future growth in the EI reserve. As Bill C-2 would allow the government to set EI premiums in 2002 and 2003, any rate that generates more revenues than expenditures will cause the reserve to grow.

The size of the EI reserve, the premium rate and the use of EI funds for non-EI purposes have all contributed to the desire expressed by many witnesses for greater control over EI. Many would like to see an EI fund created outside of the Consolidated Revenue Fund with more input from program contributors as to how premium rates are set and revenues spent. While all members of the Committee understand the factors underlying this sentiment, many of us believe that establishing an arm's length relationship between EI and the government with greater control afforded EI contributors is fraught with potential problems. To many of us, the scope for conflict between program contributors is too great and this was evident in the disparate views expressed by witnesses regarding the direction of future EI reforms. Moreover, most of us agree with the Auditor General that EI's proper place is within the accounts of Canada as long as this program remains within the federal government's domain. While the Committee supports a more influential role for program contributors in terms of EI governance, it is reluctant to recommend that employers and employees be solely responsible for policy and administrative matters.

The Committee acknowledges that over the next two years the government intends to review the premium rate-setting process and, pursuant to adopting Bill C-2, would set the premium rate in the years 2002 and 2003. In view of the size of the current notional reserve, the Committee believes that the government should exercise greater caution in setting premium rates during this period so as to limit, to the greatest extent possible, further increases in the EI reserve.

Another EI financing issue that arose during our hearings on Bill C-2 pertains to the higher premium rate paid by employers compared to employees. Section 68 of the *Employment Insurance Act* requires employers to pay 1.4 time the employee premium rate.

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35 HRDP, *Evidence*, Meeting No. 4 (11:25), 27 February 2001.

36 HRDP, *Evidence*, Meeting No. 15 (16:10), 21 March 2001.

Presumably, the reason for this higher rate is that employers have greater control over layoffs and, in this event, should bear a higher overall share of program costs. While the Committee fully accepts the fact that layoff decisions rest with employers, in many instances EI benefits are used as a means of keeping workers and firms attached during a layoff period. Since workers in these instances normally stay with the same employer despite employment instability, one might conclude that workers reluctantly share in the layoff decisions. In these cases, it is difficult to argue that the employers should bear a higher premium cost. In addition, in recent years EI benefits unrelated to layoffs (i.e. special benefits) have contributed to higher program costs and, as pointed out by some witnesses, there is little justification for requiring employers to pay more for these benefits than that paid by workers.

> . . . Mr. Chairman, we find it hard to understand why, in a true employment insurance plan, employers contribute 1.4 times more than the employees contribute. We believe that, over a given period of time, we should strive for equality in both Commission membership and contributions made to the Employment Insurance Fund. (Mr. Gilles Taillon, President, Conseil du patronat du Québec)[37]

[37] HRDP, *Evidence*, Meeting No. 6 (11:25), 1 March 2001.

Recommendation 12:

We recommend that the Committee be included in the upcoming review of the premium rate-setting process and that this process include:*

- **a discussion of the impact of financing EI on premium payers and the economy.**
- **a discussion of whether or not the government should amend the *Employment Insurance Act* so as to quantify the size of a real EI reserve that would be required to meet the premium rate-setting objectives contained in the current law.**
- **a discussion of whether or not employer-employee premiums should be equalized.**
- **a discussion of whether or not employers should receive a premium refund on premiums refunded to workers.**
- **a discussion of whether or not maximum yearly insurable earnings should be increased to $41,500 and indexed thereafter.**

While most agreed that it is important to provide income support to those on maternity and parental leave, some witnesses questioned whether EI was the appropriate vehicle for meeting this policy objective. As this is the only program that currently provides wage replacement to workers who are pregnant and/or caring for newborn or adoptive children, most members of the Committee believe that EI is the best existing program to satisfy this policy objective. In a related matter, it was suggested that the government compensate small and medium-sized enterprises for providing extended parental leave by exempting the employer portion of EI premiums paid in respect of replacement employees. Many members of the Committee find it difficult to support this proposal, as small and medium-sized enterprises would have paid premiums on behalf of workers on leave had they decided to remain in the workplace.

H. Administrative Matters

1. EI Economic Regions

Subsection 18(2) of the *Employment Insurance Regulations* requires the Commission to review EI regional boundaries at least once every five years. The most recent review was completed in 2000 and the new boundaries came into effect on 9 July 2000. Today, there are 58 EI economic regions, up from the 54 regions that existed prior to

* The Bloc Québécois believes that the following points should also be considered: increasing the mean benefit rate from 55% to 60%, abolishing the waiting period, making the elimination of the intensity rule retroactive to 1 January 1997, and allowing all claimants to take advantage of the 25% allowable earnings exemption.

the middle of 2000. These new boundaries are intended to better reflect recent changes in regional labour markets across the country. Of primary significance, the intent of this five-year review is to ensure that existing boundaries accurately reflect prevailing unemployment conditions in regional labour markets. The reason this is so important is that the unemployment rate estimates that Statistics Canada produces for these regions are used to determine qualification requirements and benefit entitlement.

During our hearings on Bill C-2, several witnesses objected to the current boundary configurations and the way some of the new boundaries are being implemented. In terms of the former, for example, the Committee was told that there is a large discrepancy between labour market conditions in Aboriginal communities and those in surrounding areas within the same EI economic region.

> With respect to the unemployment rate in economic regions, one thing is certain: we were not able to carry out a comprehensive study, as indicated in the text, but we can see that not a single one of the communities we know has an unemployment rate below 26%. However, the unemployment rates used as indicators for eligibility standards stop, I believe, at 13%. But our's is always higher. We could name specific communities, but in my view it suffices to say that we must consider establishing a separate economic region for Aboriginal communities. How could that be done in practice? We have to see. (Ms. Madeleine Buckell, EI Advisor, Assembly of First Nations)[38]

> [T]his review is needed in order for the employment insurance economic regions to reflect the job market situation, or, in other words, for people living in areas of high unemployment to get the help they need from the plan. The regulations are very ill-suited to remote regions such as the ridings of Charlevoix and Manicouagan. Unemployment rates are lower in the main cities, but very high in most small towns; in Aboriginal communities, it is around 50%. The statistics for these communities are not even used in calculating the unemployment rate. This effectively puts these people at a disadvantage; they are included in a sample that in no way reflects their situation on the job market. (Mr. Michel Bérubé, Spokesperson, Comité de concertation régionale de l'assurance-emploi, Baie-Comeau, Rivière-St-François)[39]

The Committee was also told that following the implementation of the new EI economic regions, the government decided to introduce new measures to gradually phase in changes to the new boundaries in Bas-St-Laurent—Côte Nord and Madawaska—Charlotte. As a consequence of these changes, claimants who filed before the announcement to phase in the new boundaries are being treated differently from those who filed their claims after the announcement.

> I can tell you about my own case. There are two of us who work for the same maple-growing business. We had each worked for the same length of time, that is, 15 weeks; we had the same number of hours; we travelled together.

38 HRDP, *Evidence*, Meeting No. 13 (12:45), 20 March 2001.

39 HRDP, *Evidence*, Meeting No. 11 (11:35), 15 March 2001.

> Therefore, our situation was identical. I applied for employment insurance benefits two weeks before him because I was owed some time from the previous year. I had 15 weeks of unemployment. Since I applied two weeks earlier, I was given 23 weeks of EI. My divisor was set before the 17th while that of my friend, here, was determined after September 17th. For the same number of weeks and the same hours, he was entitled to 32 weeks of employment insurance benefits. My benefits ran out in January, but he still has some left. There is nothing left for me. (Mr. Yvan Lebrun, Regroupement des exclus de l'été 2000)[40]

Recommendation 13:

The Committee recommends that:

- **in its review of EI economic regions, the Canada Employment Insurance Commission should, to the greatest extent possible, distinguish between labour markets in a given locality.**

- **the consultations conducted by the Canada Employment Insurance Commission in its review of EI economic regions become more open and transparent.**

- **any future transitional measures that are adopted re the implementation of EI economic regions be applied so as to provide equal treatment for all claimants, even if it means the retroactive application of transition rules.**

2. Investigations and Related Matters

When the Auditor General of Canada appeared before the Committee during our hearings on Bill C-2, he raised an important issue regarding cases where EI benefits were fraudulently obtained as a result of employers issuing false Record of Employment (ROE) forms to employees. For many years, both HRDC and the Canada Customs and Revenue Agency (CCRA) have been aware of this problem. Yet, the problem persists. The Auditor General identified several reasons for this, including among others, a lack of legislative guidance on rulings and appeals, delays in processing and completing suspected fraudulent EI claims, inadequate training and a lack of prosecutions.[41] A solution to this problem must be found soon.

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40 HRDP, *Evidence*, Meeting No. 14 (15:25), 20 March 2001.

41 *Report of the Auditor General of Canada*, Chapter 34, December 2000, paragraphs 34.25 to 34.44

Several witnesses also expressed concern about the behaviour of some HRDC agents conducting EI investigations. These witnesses indicated that they were treated as though they were guilty even though they had done nothing wrong. In certain instances, witnesses characterized the behaviour of some agents as harassment.

The total disqualification that is currently imposed on claimants who voluntarily leave employment without "just cause" also surfaced during the Committee's hearings on Bill C-2. We realize that there is a vast amount of jurisprudence dealing with "just cause". However, on a practical level, the process that must be pursued by claimants to substantiate "just cause" can be problematic for some, especially in cases involving sexual harassment. Many members of the Committee are also concerned that a total disqualification is imposed on a claimant who voluntarily leaves employment, even though the claimant has enough hours of insurable employment from an unrelated employment to establish a claim.

Recommendation 14:

The Committee recommends that:

- **immediate steps be taken to implement the Auditor General's recommendation that both the CCRA and HRDC update and implement an effective action plan that adequately deals with suspected EI fraud and abuse. In addition, the government should consider amending the *Employment Insurance Act* to make clearer how insurability rulings are to be made and how appeals related to these rulings are to be decided.**

- **HRDC EI investigators always employ respectful and ethical behaviour while conducting their investigations.**

- **the government consider amending section 104 of the *Employment Insurance Act* so that anyone who is subpoenaed or who wins their appeal to the Tax Court of Canada be reimbursed by the federal government for such expenses as travel, meals and loss of earnings.**

- **the government consider revisiting section 30 of the *Employment Insurance Act* so as to impose a less severe penalty, in certain circumstances, on those who leave employment voluntarily and who are unable to establish "just cause".**

3. Insurability of Family Members Employed in Family Owned Businesses

Prior to 1990, employment of a spouse or a dependent was not treated as insurable employment. This provision was found to be discriminatory and in 1990 the *Unemployment Insurance Act* was amended to allow the Minister of Revenue to insure workers not

employed at arm's length, provided the conditions of the employment were similar to those found in arm's length employment.*

> [T]he act stipulates that people who are not dealing at arm's length must report this when applying for benefits . . . [e]ach applicant still has the burden of proof. The individual must put on file that she is working and that she is a paid employee in a family business. What is even worse in the whole matter, is that all local officers have obtained discretionary power, which means that the decision they make can practically never be reversed even by the Supreme Court. This has been stated officially . . . We conclude, from our research, that more time should have been spent not only on identification of the relationships that are the determining factors for exclusion, but also on consideration of the elements that lead to a conclusion that employment is insurable in spite of a non-arm's length relationship. (Ms. Irène Marais, President, Family Business Network)[42]

While the 1996 EI reforms did not alter section 5(3) of the *Employment Insurance Act*, this section continues to be problematic for some workers. The burden of proof continues to rest with those employed in a family business and the legislation itself is written in such a way as to suggest that workers in non-arm's length employment are guilty until proven innocent. Most members of the Committee recognize the importance of discouraging fraudulent employer-employee relationships. However, the approach taken in determining the validity of employer-employee relationships involving non-arm's length employment appears to have some room for improvement, starting with the tone of the legislation itself.

> In Gaspé and in the Islands, I have been appearing before the courts for 12 years now, right up to the Tax Court of Canada where I have long had occasion to go. It is obvious that there is harassment against people who work for someone with whom they have a dependent or family relationship. And this is absolutely automatic; these people are automatically the subject of an inquiry. Unfortunately, when you have to go to the Tax Court of Canada, very often you have to wait a year or a year and a half before the file will be dealt with because the judges travel to the regions only once a year, particularly during lobster season. The poor people who worked and who applied for employment insurance during the month of September are obliged to wait until the following September before finding out if they are insurable or not. We see this all the time. Do not fool yourselves. I have tons and tons of examples I could give you. (Mr. Gaétan Cousineau, Coordinator, Coalition Gaspésie/Les Îles, Matapédia, Matane)[43]

Recommendation 15:

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* The NDP maintains that this section of the *Employment Insurance Act* is still discriminatory. The files of people who are related are forwarded directly to the Canada Customs and Revenue Agency (CCRA) for review. The NDP is of the view that this attitude appears to indicate that the government considers them to be abusers of the system even before this has been proven.

42 HRDP, *Evidence*, Meeting No. 8 (15:45), 13 March 2001.

43 HRDP, *Evidence*, Meeting No. 14 (16:15), 20 March 2001.

The Committee recommends that the government amend subsection 5(3) (and if necessary, section 5(2)(*i*)) of the *Employment Insurance Act* with a view to remove the presumption of guilt if an employer and an employee are related.

4. Treatment of Undeclared Earnings

Under the 1996 EI reforms, changes were made to the way unreported earnings were to be deducted from benefits. Under this approach, unreported earnings were assigned to "a period of employment" instead of calendar weeks, as was the case prior to the change in 1996. As a consequence of this change, benefit overpayments could occur for a week of layoff in which a claimant had no work or earnings. This approach was eventually considered unfair and the *Employment Insurance Regulations* were amended in December 1999 to redefine a period of employment. Under the new definition, a period of employment does not include weeks of layoff. Nevertheless, this approach continues to irritate many claimants, as evidenced by the dissatisfaction expressed by several witnesses regarding the allocation of earnings over a period of employment instead of the preferred calendar week allocation that existed prior to the 1996 EI reform.

> The other aspect dealt with in our brief pertains to this famous subsection 19(3) which you have perhaps already heard about. What does it state? It used to be that people were asked to declare an amount on their card and they were told that if they made a mistake, they would have to reimburse the amount if they received benefits during that same week. Subsection 19(3) establishes an employment period. If you made a mistake for a week during which you did not receive benefits, you were to reimburse this amount for a week where you did receive benefits. People are therefore wondering why, because they made a mistake for a week during which they did not get any benefits, they are being asked to reimburse money during the weeks where they were entitled to benefits . . . People do not receive benefits for an employment period; they receive benefits for specific weeks and they expect that, if they are being asked to reimburse this amount, that it be for specific weeks. (Mr. Yves St-Pierre, Coordinator, Mouvement Action-Chômage de Trois-Rivières)[44]

Recommendation 16:

The Committee recommends that the government return to the pre-1996 treatment of allocating undeclared earnings to weeks by repealing section 19(3) of the *Employment Insurance Act* and section 15(4) of the *Employment Insurance Regulations*.

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44 HRDP, *Evidence*, Meeting No. 11 (11:45), 15 March 2001.

5. Improving Service to Claimants

Throughout our hearings, some witnesses expressed the need for better service. Of particular note, was the desire for HRDC to improve the speed with which EI claims are processed and benefit payments received. According to HRDC's Main Estimates for 2001-02, the Department tries to provide EI payments within 28 days of when an individual's benefit period is to begin. In the vast majority of cases this target is met. However, the Committee is mindful of the fact that some claimants wait much longer than this to receive their first EI payment. The Committee was also told that some HRDC staff could provide a more professional and courteous service and, in this context, the Committee supports HRDC's efforts to implement a more comprehensive quality improvement strategy, particularly in terms of identifying training priorities for staff.

Recommendation 17:

The Committee recommends that HRDC improve its service to Canadians, especially in terms of providing more timely, accurate and client-friendly EI services.

IV. CONCLUSION

Throughout our hearings, the Committee was constantly reminded of the important role that EI plays in the lives of Canadians. For many, this program is a lifeline that helps support their families during intermittent or frequent periods of unemployment. It also helps people adjust to changing labour market conditions by contributing to more durable matches between unemployed workers and available jobs as well as provide opportunities for those who need skills, job experience or help to create their own employment. EI's importance to workers is also strongly rooted, more so today then ever before, in the wage replacement support it provides to workers who are unable to work because they are sick, pregnant or caring for newborn or adoptive children.

> We do believe that Canadians want a modern EI program that deals with the realities they face in today's working world. They want a program that deals with the evolution in working time and the distribution of work. They need a program that provides a better balance between work and family and that encourages workplace training and education. They want a program that deals honestly with the money they pay in — and I could have a debate with the Conseil [Conseil du patronat du Québec] on that — and that returns money to workers and the communities when they need it: a true insurance program, we would agree. (Ms. Nancy Riche, Secretary-Treasurer, Canadian Labour Congress)[45]

These are the core functions of Canada's EI system and it is the responsibility of the federal government to ensure that both employers and employees are well served under this system. Over the years, various governments have accepted this responsibility and this is reflected in the numerous changes that have been made to Canada's EI/UI system since its inception. In addition, with any policy instrument, particularly one as important as EI, fine-tuning is necessary and ongoing. This was recently evidenced by the proposals contained in Bill C-2. However, the task of fine-tuning EI is not finished, a message that was clearly registered during our study of Bill C-2. It is the Committee's hope that the recommendations contained in this report contribute to this ongoing process and we thank all of those who shared their views with us regarding future changes to their EI system.[*]

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45 HRDP, *Evidence*, Meeting No. 6 (11:30), 1 March 2001.

* The Canadian Alliance wishes to reiterate that many of the report's recommendations are sound and deserve to be implemented through new legislation. But we maintain that there are recommendations with such substantial potential to affect the very foundations of the EI system that complete actuarial and economic modelling must be carried out in full public view before they could possibly be implemented. In addition, the Canadian Alliance continues to believe that the entire employment insurance system requires a more complete study involving submission from all stakeholders. Any such study must include as one of its key witnesses the Chief Actuary of the Employment Insurance Fund.

RECOMMENDATIONS

Recommendation 1:

The Committee recommends that:

- **the government consider reducing the qualification requirement for new entrants and re-entrants from its current level of 910 hours to 700 hours. This would establish a qualification requirement based on a 35-hour week that is equal to the 20-week requirement that applied to this group prior to the EI reform.[*]**

- **the government consider restructuring the 420 to 700 hours qualification requirement to better reflect the unemployment problems experienced by seasonal workers.[**]**

- **the government consider further reducing the qualification requirement for special benefits.[***]**

Recommendation 2:

The Committee recommends that the government consider amending the *Employment Insurance Act* so as to adopt a new definition of a new entrant and re-entrant that excludes individuals who can demonstrate a long attachment to the labour force. The new definition should also exclude those who receive at least one week of sickness benefits in the four-year period preceding the current two-year look-back period.

Recommendation 3:

The Committee recommends that the government consider readjusting Schedule I of the *Employment Insurance Act* so as to provide a maximum benefit entitlement of 50 weeks like that afforded combined maternity/parental benefits. Compared to the existing Schedule 1, consideration should be given to augmenting benefit entitlement beyond

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* Although the Bloc Québécois believes that reducing the number of hours from 910 hours to 700 hours is a step in the right direction, it maintains that the concept of "new entrant or re-entrant" should be completely abolished in order to thereby eliminate discrimination in areas of high unemployment.

** The Bloc Québécois believes that a separate category should be created for seasonal workers and that a special 420-hour eligibility threshold should be established for this class of workers.

*** The Canadian Alliance feels strongly that a complete review of the financial impact on the EI fund, employers' premiums and employees' premiums must be undertaken before this recommendation can be implemented.

the minimum hourly qualification requirement so as to provide an additional incentive to work for a longer period of time than the minimum number of hours required to qualify for benefits. The new Schedule 1 should provide no more than a maximum increase of five additional weeks of benefits for any given combination of hours of insurable employment and regional unemployment rates. In addition, Schedule 1 should be reconfigured, to the greatest extent possible, to ameliorate the "gapper" problem.

Recommendation 4:

The Committee recommends that Human Resources Development Canada study the feasibility of providing a longer benefit period for older displaced workers who lack the skills to find new employment and for whom an investment in new skills is uneconomic.*

Recommendation 5:

The Committee recommends that:

- **the government review and consider the possibility of eliminating the current divisor. We feel that there is an incentive to work extra hours by providing a longer benefit period to those who work beyond the minimum hourly qualification requirement and this incentive would be strengthened if the government were to restructure Schedule 1 of the *Employment Insurance Act* as discussed above.**

- **the government consider formally legislating the current treatment of "low earning weeks."**

Recommendation 6:

The Committee recommends that the government consider adopting the qualifying period as the new period over which earnings are averaged. Only the highest earning weeks should be included and these earnings should be averaged over a number of weeks equal to the weekly equivalent (based on a 35-hour week) of the applicable minimum hourly qualification requirement.

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* The Canadian Alliance believes that the solution for older displaced workers lies in the area of increased access to training rather than in prolonged benefits. By increasing the benefit period for older workers, the EI system moves further into the realm of being a social program, rather than an insurance system which we believe it should be.

Recommendation 7:

The Committee recommends that the government consider increasing the current earnings threshold for an EI premium refund to $3,000 as well as consider converting this refund to a yearly basic premium exemption.

Recommendation 8:

In view of the growing incidence of self-employment in the Canadian labour market, the Committee recommends that the government consider developing a framework for extending EI coverage, both in terms of regular and special benefits, to self-employed workers.

Recommendation 9:

The Committee recommends that the government consider extending better EI coverage to workers employed in both paid and self-employment. In the event that the government does not extend coverage to self-employed workers, a premium refund should be provided to those who work in insurable employment but are unable to establish a claim because they are also self-employed.*

Recommendation 10:

The Committee recommends that:

- **the government consider making more training funds available to help employers experiencing serious difficulties finding adequately skilled workers to replace those receiving maternity/parental benefits.**

- **the government consider offering a premium refund to employers as an incentive to provide incremental training to workers. Expenditures on this initiative should not be included in the expenditure limit referred to in section 78 of the *Employment Insurance Act.***

- **the government consider amending section 78 of the *Employment Insurance Act* to require that 0.8% of estimated total insurable earnings be allocated each year to Part II Employment Benefits and Support Measures.**

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* The Canadian Alliance believes the recommendations pertaining to self-employment require further study. The notion of including the self-employed in the system is sound on its surface, but the structure of how that would fit into the existing system requires careful planning and a full analysis of the financial implications.

- **the government consider amending section 58 of the *Employment Insurance Act* to expand access to Part II training and other Employment Benefits and Support Measures by applying a five-year look-back period to all individuals, irrespective of the type of EI benefits received during this period.**

Recommendation 11:

The Committee recommends that the two-week waiting period must be eliminated for those engaged in approved training.

Recommendation 12:

We recommend that the Committee be included in the upcoming review of the premium rate-setting process and that this process include:*

- **a discussion of the impact of financing EI on premium payers and the economy.**

- **a discussion of whether or not the government should amend the *Employment Insurance Act* so as to quantify the size of a real EI reserve that would be required to meet the premium rate-setting objectives contained in the current law.**

- **a discussion of whether or not employer-employee premiums should be equalized.**

- **a discussion of whether or not employers should receive a premium refund on premiums refunded to workers.**

- **a discussion of whether or not maximum yearly insurable earnings should be increased to $41,500 and indexed thereafter.**

Recommendation 13:

The Committee recommends that:

- **in its review of EI economic regions, the Canada Employment Insurance Commission should, to the greatest extent possible, distinguish between labour markets in a given locality.**

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* The Bloc Québécois believes that the following points should also be considered: increasing the mean benefit rate from 55% to 60%, abolishing the waiting period, making the elimination of the intensity rule retroactive to January 1, 1997, and allowing all claimants to take advantage of the 25% allowable earnings exemption.

- **the consultations conducted by the Canada Employment Insurance Commission in its review of EI economic regions become more open and transparent.**

- **any future transitional measures that are adopted re the implementation of EI economic regions be applied so as to provide equal treatment for all claimants, even if it means the retroactive application of transition rules.**

Recommendation 14:

The Committee recommends that:

- **immediate steps be taken to implement the Auditor General's recommendation that both the CCRA and HRDC update and implement an effective action plan that adequately deals with suspected EI fraud and abuse. In addition, the government should consider amending the *Employment Insurance Act* to make clearer how insurability rulings are to be made and how appeals related to these rulings are to be decided.**

- **HRDC EI investigators always employ respectful and ethical behaviour while conducting their investigations.**

- **the government consider amending section 104 of the *Employment Insurance Act* so that anyone who is subpoenaed or who wins their appeal to the Tax Court of Canada be reimbursed by the federal government for such expenses as travel, meals and loss of earnings.**

- **the government consider revisiting section 30 of the *Employment Insurance Act* so as to impose a less severe penalty, in certain circumstances, on those who leave employment voluntarily and who are unable to establish "just cause".**

Recommendation 15:

The Committee recommends that the government amend subsection 5(3) (and if necessary, section 5(2)(*i*)) of the *Employment Insurance Act* with a view to remove the presumption of guilt if an employer and an employee are related.

Recommendation 16:

The Committee recommends that the government return to the pre-1996 treatment of allocating undeclared earnings to weeks by repealing section 19(3) of the *Employment Insurance Act* and section 15(4) of the *Employment Insurance Regulations*.

Recommendation 17:

The Committee recommends that HRDC improve its service to Canadians, especially in terms of providing more timely, accurate and client-friendly EI services.

APPENDIX A
LIST OF WITNESSES

Associations and Individuals	Date	Meeting
Department of Finance	2001/02/21	2
Peter DeVries, Director, Fiscal Policy Division		
Department of Human Resources Development		
Gordon McFee, Director Policy and Legislative Development		
Claire Morris, Deputy Minister		
Jane Stewart, Minister		
Wilma Vreeswijk, Acting Director General Labour Market Policy		
Building and Construction Trades Department	2001/02/22	3
Phil Benson, Assistant to the Director		
Robert Blakely, Canadian Director		
Canadian Chamber of Commerce (The)		
Nancy Hughes Anthony, President and Chief Executive Officer		
Paul Lalonde, Policy Analyst		
Canadian Federation of Independent Business	2001/02/27	4
Catherine Swift, President and Chief Executive Officer		
Garth Whyte, Senior Vice-President, National Affairs		
Canadian Restaurant and Food Services Association		
Joyce Reynolds, Senior Director, Government Affairs		
Donald Webster, Vice-Chair		

Associations and Individuals	Date	Meeting
Fraser Institute	2001/02/28	5
Fred McMahon, Director, The Social Affairs Centre		
Laval University		
Marc Van Audenrode, Professor of Economics		
“Université du Québec à Montréal”		
Pierre Fortin, Professor of Economics		
University of New Brunswick		
Rick Audas, Professor		
Canadian Labour Congress	2001/03/01	6
Kevin Hayes, Senior Economist		
Nancy Riche, Secretary-Treasurer		
Canadian Manufacturers and Exporters		
Jayson Myers, Senior Vice-President and Chief Economist		
“Confédération des syndicats nationaux”		
Réjeanne Choinière, Lawyer		
Roger Valois, Vice-President		
“Conseil du patronat du Québec”		
Jacques Garon, Director, Research and Economy		
Gilles Taillon, President		

Associations and Individuals	Date	Meeting
“Conseil Conjoint de la FTQ — Construction et du CPQMC”	2001/03/13	7
Jocelyn Dupuis, Co-Director General		
Richard Goyette, Assistant Director General		
“Fédération des travailleurs et travailleuses du Québec (FTQ)”		
Michel Matte, Union advisor		
René Roy, General Secretary		
New Brunswick Federation of Labour		
Maurice Clavette, Secretary-Treasurer		
Blair Doucet, President		
Newfoundland and Labrador Federation of Labour		
Elaine Price, President		
Ron Smith, First Vice-President		
Prince Edward Island Federation of Labour		
Felix MacDonald, Treasurer		
“Association des travailleurs et travailleuses d’usine — produits marins”	2201/03/13	8
Jeannine Paulin, President		

Associations and Individuals	Date	Meeting
Cultural Human Resources Council	2001/03/13	8
Jean-Philippe Tabet, Executive Director		
Family Business Network		
Irène Marais, President		
Snow Crab Industry Solidarity Fund		
Gastien Godin, Representative		
Communications, Energy and Paperworkers Union of Canada	2001/03/14	9
Wayne Budgell, Rank and File Executive Board Member and President of Local 60-N from Newfoundland		
Brian Payne, President		
Fish, Food and Allied Workers Union		
Reg Anstey, Secretary-Treasurer		
United Fishermen and Allied Workers Union — West Coast		
Bruce Loggan, Director of Benefit Funds		
John Radosavic, President		
United Steelworkers of America		
Gary White, Union Representative		
Canadian Conference of the Arts	2001/03/14	10
Philippa Borgal, Associate Director		
Canadian Union of Public Employees		
Joe Courtney, Senior Research Officer		
Margot Young, Senior Officer, Equality Branch		

Associations and Individuals	Date	Meeting
Maritime Fishermen's Union	2001/03/14	10
Michael Beliveau, Executive Secretary		
Ron Cormier, President		
Sheet Metal Workers' International Association		
Robert Brown, Director of Canadian Affairs		
"Centrale des syndicats démocratiques"	2001/03/15	11
Jean-Guy Ouellet, Lawyer		
François Vaudreuil, President		
"Coalition chômage, section Manicouagan"		
Alain Jalbert, Regional Counsellor		
"Comité de concertation régionale de l'assurance-emploi (Baie-Comeau, Rivière-St-François)"		
Michel Bérubé, Spokesman		
Valois Pelletier, Spokesman		
"Le Front commun pour la justice sociale Section de la Péninsule acadienne"		
John Gagnon, Co-President		
"Le Syndicat National des Employés(es) de l'Aluminium d'Arvida"		
Jean-Marc Crevier, Representative		
Gilles Grenier, Lawyer		
Roger Martineau, Representative		

Associations and Individuals	Date	Meeting
“Mouvement Action-Chômage de Trois-Rivières”	2001/03/15	11
Luc Bourassa, Vice-President		
Yves St-Pierre, Coordinator		
Nova Scotia Federation of Labour		
Rick Clarke, President		
“Comité de chômeurs du Saguenay—Lac-St-Jean”	2001/03/15	12
Bruno Lévesque, President		
Lyne Poirier, Consultant		
“Mouvement Action-Chômage du Lac St-Jean”		
Alain Bilodeau, Coordinator for le “Centre populaire de Roberval”		
Karine Lapré, Community Advocate Social Rights Committee		
Assembly of First Nations	2001/03/20	13
Madeleine Buckell, Advisor, Employment Insurance		
Ghislain Picard, Member of the Executive of the Assembly of First Nations of Canada and Regional Chief of the Assembly of First Nations of Quebec and Labrador		
“Association des municipalités francophones du Nouveau-Brunswick”		
Léopold Chiasson, Director General		
Réginald Paulin, Vice-President		
“Coalition sur l’assurance-emploi du Bas-Saint-Laurent”		
Normand Gagnon, Spokesman		
Alain Lagacé, Spokesman		

Associations and Individuals	Date	Meeting
Greater Summerside Chamber of Commerce	2001/03/20	13
Jeannette Arsenault, President		
John MacDonald, Manager		
“Regroupement pour une caisse d’assurance parentale québécoise”		
Claudette Carbonneau, Vice-President		
“Coalition Gaspésie/Les Îles, Matapédia, Matane”	2001/03/20	14
Gaétan Cousineau, Coordinator		
Aline Smith, President		
“Exclus de l’été 2000”		
Yvan Lebrun, Spokesman		
Rodrigue Vaillancourt, Spokesman		
“LASTUSE du Saguenay”		
Judith Fugère, Coordinator		
“Regroupement des sans-emploi de l’Abitibi-Timiscamingue”		
Vital Gilbert, Advisor, Social Law		
“Conseil économique du Nouveau-Brunswick”	2001/03/21	15
Ronald Drisdelle, General Director		

Associations and Individuals	Date	Meeting
Office of the Auditor General of Canada	2001/03/21	15
Nancy Cheng, Principal		
L. Denis Desautels, Auditor General of Canada		
John Hodgins, Principal		
Anne-Marie Smith, Senior Counsel		
University of Alberta		
Alice Nakamura, Professor		
Department of Finance	2001/03/21	16
Réal Bouchard, Director, Social Policy		
Department of Human Resources Development		
Sonia L'Heureux, Director, Employment Insurance Analysis		
Luc Leduc, Counsel, Legal Services		
Gordon McFee, Director, Policy and Legislative Development		
Wilma Vreeswijk, Acting Director General, Labour Market Policy		
Department of Finance	2001/04/24	19
Réal Bouchard, Director, Social Policy		
Department of Human Resources Development Canada		
Gordon McFee, Director, Policy and Legislative Development		
Wilma Vreeswijk, Acting Director General, Labour Market Policy		

APPENDIX B
LIST OF BRIEFS

Assembly of First Nations

“Association des municipalités francophones du Nouveau-Brunswick”

”Association des travailleurs et travailleuses d'usine — produits marins”

Building and Construction Trades Department

Business Council of British Columbia

Canadian Chamber of Commerce (The)

Canadian Conference of the Arts

Canadian Construction Association

Canadian Federation of Independent Business

Canadian Labour Congress

Canadian Manufacturers and Exporters

Canadian Restaurant and Food Services Association

Canadian Union of Public Employees

”Centrale des syndicats démocratiques”

”Centrale des syndicats du Québec”

”Chambre de commerce du Lac St-Jean”

”Coalition chômage, section Manicouagan”

”Coalition Gaspésie/Les Îles, Matapédia, Matane”

”Coalition sur l'assurance-emploi du Bas-Saint-Laurent”

”Comité de chômeurs du Saguenay-Lac-St-Jean”

”Comité de concertation régionale de l'assurance-emploi
(Baie-Comeau, Rivière-St-François) ”

Communications, Energy and Paperworkers Union of Canada

”Confédération des syndicats nationaux”

”Conseil Conjoint de la FTQ — Construction et du CPQMC”

”Conseil du patronat du Québec”

”Conseil économique du Nouveau-Brunswick”

Cultural Human Resources Council

”Exclus de l'été 2000”

Family Business Network

”Fédération des femmes du Québec”

”Fédération des travailleurs et travailleuses du Québec (FTQ) ”

Fish, Food and Allied Workers Union

Greater Summerside Chamber of Commerce

”LASTUSE du Saguenay”

”Le Front commun pour la justice sociale Section de la Péninsule acadienne”

”Le Syndicat National des Employés(es) de l'Aluminium d'Arvida”

Moncton and District Labour Council

”Mouvement Action-Chômage de Trois-Rivières”

”Mouvement Action-Chômage du Lac St-Jean”

”Mouvement autonome et solidaire des sans-emploi (réseau québécois)”

”Mouvement des chômeurs et chômeuses de l'Estrie”

New Brunswick Federation of Labour

Newfoundland and Labrador Federation of Labour

Nova Scotia Federation of Labour

Prince Edward Island Federation of Labour

”Regroupement des sans-emploi de l'Abitibi-Timiscamingue”

”Regroupement pour une caisse d'assurance parentale Québécoise”

Sheet Metal Workers' International Association

Snow Crab Industry Solidarity Fund

Tristat Resources

United Fishermen and Allied Worker’s Union — CAW

United Steelworkers of America

As Individuals

Rick Audas, University of New Brunwick

Pierre Fortin, “Université du Québec à Montréal”

Fred McMahon, Fraser Institute

Alice Nakamura, University of Alberta

Kathy Pelletier

Joseph Polito

Jean-Marie Rondeau

Marc Van Audenrode, Laval University

REQUEST FOR GOVERNMENT RESPONSE

Pursuant to Standing Order 109, the Committee requests that the government table a comprehensive response to the report within one hundred and fifty (150) days.

A copy of the relevant Minutes of Proceedings of the Standing Committee on Human Resources Development and the Status of Persons with Disabilities (*Meetings Nos. 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 19, 21, 22, 24 and 26 which includes this report*) is tabled.

Respectfully submitted,

Peter Adams, M.P.
Chair

MINUTES OF PROCEEDINGS

Thursday, May 17, 2001
(*Meeting No. 26*)

The Standing Committee on Human Resources Development and the Status of Persons with Disabilities met in camera at 9:07 a.m. this day, in Room 306, West Block, the Chair, Peter Adams, presiding.

Members of the Committee present: Peter Adams, Jeannot Castonguay, Paul Crête, Raymonde Folco, Judi Longfield, Joe McGuire and Carol Skelton.

Acting Members present: Paul Macklin for Alan Tonks, Mark EyKing for Georges Farrah, Yvon Godin for Libby Davies and at 10:03 a.m. David Pratt for Diane St-Jacques.

In attendance: *From the Library of Parliament*: Kevin Kerr, Julie Mackenzie and Bill Young, research officers.

The Committee resumed consideration of its draft report on Employment Insurance.

It was agreed, — That the draft report (as amended) on Employment Insurance be adopted as the third report of the Standing Committee on Human Resources Development and the Status of Persons with Disabilities.

It was agreed, — That, subject to the Chair's approval, the opposition parties submit by noon Tuesday, May 23, 2001 footnotes on a few crucial points related to the matters covered in the Committee's report.

It was agreed, — That the Clerk be authorized to make such editorial and typographical changes as necessary without changing the substance of the report.

It was agreed, — That the Chair be authorized to table the report to the House.

It was agreed, — That the Committee print 250 copies of its third report in a tumble bilingual format.

It was agreed, — That, pursuant to Standing Order 109, the Committee requests that the government table a comprehensive response to the report within one hundred and fifty (150) days.

It was agreed, — That a press release be prepared and sent immediately upon tabling of the report in the House.

It was agreed, — That a press conference be arranged immediately following tabling of the report in the House.

At 11:16 a.m., the Committee adjourned to the call of the Chair.

Danielle Belisle
Clerk of the Committee