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## Standing Committee on the Status of Women

Wednesday, November 16, 2005

• (1535)

[English]

**The Chair (Mrs. Susan Kadis (Thornhill, Lib.)):** Good afternoon.

We'll get started. I'm sure others will come as we go.

It's my pleasure to welcome our witness today, Ms. Marcelle Marion, a barrister, as well as a person who wrote a background paper on parental benefits for the Canadian Bar Association. They certainly referred you to us as the best person to discuss this topic with us today before the committee.

I'd like to welcome you. You have approximately 10 minutes for your opening remarks, and then we'll have questions and comments. That will be inclusive of a first round of seven minutes, questions and comments, and a second round of five minutes approximately.

Welcome.

**Ms. Marcelle Marion (Lawyer, As an Individual):** Thank you.

To give a bit of an introduction, I'm a lawyer and a member in good standing of the bar of Manitoba and the bar of the Northwest Territories. Before being admitted to the bar in 2000, I worked in labour market adjustment programs at HRDC in the Winnipeg region, between 1983 and 1996. Between 1993 and 1996, I worked on labour adjustment programs with first nations, Métis, and aboriginal peoples and their representatives.

Part of my testimony today comes from my experience in labour adjustment programs with women and aboriginal people and as a lawyer. My testimony also comes from my research in the law graduate program at the University of Ottawa on maternity and parental benefits specifically related to both contingency workers in the new economy and the self-employed.

Finally, I will also apply my volunteer research work on both the Standing Committee on Equity at the Canadian Bar Association and at the Réseau national d'action éducation femmes on maternity and parental leave generally, but also with the professions.

My experience in this area is far from being an expert, as a labour specialist, as a lawyer, or as an academic researcher, but I've had an opportunity to examine some of the issues surrounding self-employment and have concluded that providing maternity and parental benefits to the self-employed is not only "a good thing", to use Martha Stewart's comment, but is desirable to promote stability in the marketplace, equality and fairness, and it will enable greater participation in the new economy than is currently possible.

I will limit my presentation to some equality concerns, labour market adjustment features, and to self-employment and the professions, along with some recommendations at the end.

**Mrs. Lynne Yelich (Blackstrap, CPC):** Is there a copy of the report? How long will it take, do you think? Can we expect it a week from today?

**The Chair:** There wasn't time, I believe, for the translation, but we will give that to you.

**Mrs. Lynne Yelich:** Thank you.

You know, if there are reports here, I never seem to get the translated ones, and I've asked my staff to maybe start documenting them when the people are here and do a follow-up, because they aren't coming.

**The Chair:** Okay. We'll ensure that they do.

**Mrs. Lynne Yelich:** I only need the one language; I don't need it in both languages. They understand French. If it comes in French only, I have some staff who read French.

**The Chair:** Okay. Thank you, Ms. Yelich.

**Ms. Marcelle Marion:** I want to make a note about some international developments. A recent development in the research on self-employed and social protection comes from the European Union. In general, the countries that include self-employed workers under general schemes do so within health and pension systems, and with respect to child and family benefits—which many provide in cash benefits for maternity—most countries do not insure the self-employed against employment injuries or unemployment. Sweden is the only country that provides social insurance to the self-employed in the case of bankruptcy, for example.

The point here is that several countries are now enacting legislation to protect the self-employed, but not necessarily through insurance arrangements, as is the case in Canada.

I think one of the major points I would like to raise with the committee regarding the insurance program that we have now is that while we want to address the expansions to the current program, my personal research and work in this area is showing that the coverage in the current program for the unemployed is actually deficient. It isn't on par with some of the international measures that I've looked at.

Should I deal with some of the recommendations right now? I didn't realize I only had 10 minutes, so I'd like to maybe—

**The Chair:** It's okay. Please proceed.

**Ms. Marcelle Marion:** Some of the recommendations that I make today—and I wish you could have my paper here—basically concern an answer to the committee's invitation to address the questions it has raised relating to expanding EI coverage for the self-employed. One of the recommendations is that the committee may want to address the concerns of the self-employed, along with the concerns of the contingency workers in the new economy. At this time, the research tends to separate them, and we see some gaps. The issues of underemployment affect both groups of workers. Creating new programs with the current legislation needs to address both these groups. Understanding contingency workers may lead to a better understanding of the intersections between both groups and also their unique needs.

The second recommendation I have is that maternity and parental benefits ideally should be universal in scope and contain features of flexibility, allowing people to choose what is more beneficial to their particular circumstances.

A third recommendation is that benefits should be within the existing insurance framework, but based on a minimum income for entitlements, rather than hours of attachment to employment, as it is currently set up. In terms of self-employment, using a minimum income standard is what the Quebec plan actually does, and I think it's a very good plan. The committee should pay particular attention to the B/U ratio, that is, the benefit to unemployed data, to have a better understanding of the scope of coverage that exists with the existing EI program and to see past trends. It can serve the committee by predicting how maternity and parental benefits might impact the self-employed.

Another recommendation is that the equity concern over income gaps in self-employment needs to be understood by the committee in devising recommendations for coverage. The income gaps from self-employment are not unlike gaps that existed in the workplace some 20 years ago. We need to better understand why incomes in wage situations have gained ground with policy initiatives on equity, and why a significant number of women are losing those gains by embracing self-employment. Are wage differentials a direct result of child care factors? And certainly the child care role seems to come out a lot in terms of self-employment.

I believe there's a need to address the top-up provisions of the current system, which is a voluntary program. The top-up provisions in the EI program provide a more fulsome and adequate replacement income for paid employees. EI alone will provide up to a maximum amount. We know that government employers and union workplaces have a higher level of participation in the program with the top-up program. The better approach might be to increase the coverage and apply reasonable wage replacements that benefit more people. Too few have access to wage replacement top-up provisions and hence really have inadequate insurance protection. Top-up provisions may not apply to the self-employed, so it needs to be addressed in any new program for the self-employed. A good reference might be the Quebec plan.

To encourage fathers' involvement in child care, opportunities to do so can be achieved by having specific provisions for fathers. This would provide recognition of fathers' roles in child care and support better balance of life and work responsibility in coverage that may go to the self-employed.

Finally, the whole issue of productivity of the self-employed and employed alike is a factor to consider in identifying what supports are lacking to enhance efficiencies in economies that work per producer and production in the overall economy. When I did my research, I wasn't able to get an awful lot of information linking productivity and efficiency with that segment of the self-employed in Canada, the smaller self-employed groupings.

● (1540)

These, basically, are some of the recommendations I make.

**The Chair:** Thank you.

We will proceed with questions, moving first to Ms. Smith.

**Mrs. Joy Smith (Kildonan—St. Paul, CPC):** Thank you very much for your presentation. I would really appreciate having a copy of your report and being able to read it from start to finish. We are a little inhibited by making sure we have everything translated, which is right and proper, and often presenters aren't aware of that until they're ready to give their presentation. I look forward to reading your whole presentation.

I have a couple of questions for you.

You talked about wage replacement and top-up provisions needing to be addressed. Could you expand on that? I didn't fully understand exactly what you were saying in that regard.

● (1545)

**Ms. Marcelle Marion:** There are provisions in the current employment insurance program for employers to top up through wage replacement the income people receive on unemployment insurance. That really represents the voluntary portion of the EI. Right now, the wage replacement coverage is at 55% of the income, up to a maximum of \$39,000, which is the current EI ceiling. It may be a little higher—I didn't check before coming here—but it's about \$39,000. A person who is unemployed can get a maximum amount of, let's say, \$400 a week. The employer would take a look at that income and then supplement it on a percentage basis, but this cannot exceed a certain level. Once it exceeds a certain level, the EI program claws back a certain amount of money.

The interesting part about the top-up situation is that it is a voluntary program, and generally, private sector employers do not participate *en grande masse* in that particular program. It is mainly union workplaces and public sector workplaces that have these provisions.

My point in all this is that there is a large majority of employees receiving EI who don't have access to this top-up portion. Expanding that top-up program is not something I encourage. We would be far better off providing adequate coverage and having everyone benefiting from that coverage.

There's a point I wanted to make on this. The ceiling, which is \$39,000 or approximately \$400 a week, is the same amount that has been in place for 20 years. There hasn't been any great increase in the coverage of 55%, which is the coverage that exists right now. At this moment, that whole program is quite inadequate to the situation and to families.

**Mrs. Joy Smith:** Could you clarify something for me, then? You're saying that someone who earns \$39,000 is eligible for up to \$412 a week. What you're saying is this has been in place for over 20 years and that it is not adequate for people. Having said that, you're saying the top-up is voluntary and that the private sector often doesn't avail itself of that opportunity to support the employees. Are you saying this should be mandatory, or the laws should be changed? Could you clarify exactly what you feel? You said two different things, and I'm wondering what your experience is there.

**Ms. Marcelle Marion:** The top-up program just doesn't appear to work. It either needs to be made mandatory, which would be a second option, as far I can see—the first option would be to increase the present amounts in the program and have everyone contribute to it, the private sector, government.... I'm not saying to outlaw this possibility, because I know the public sector employees would be very unhappy with that, but something has to be done with the erosion of the program, as it stands. Right now, with coverage at 55%, in terms of international standards.... The replacement coverage in third world countries is at 60%, and in the European Union the average is about 75%. We're dealing with a program that's not very generous and barely supports families as a replacement income insurance scheme.

In a way, we have gotten away from that, just by using the top-up as a sort of....

•(1550)

**Mrs. Joy Smith:** Thank you for that answer. When you're talking about EI, and you're talking about maternity and parental benefits, I know they're not always synonymous; it depends on the situation. Having said that, you also mention that fathers should have parental leave as well, and that does happen—in teachers' unions and in much of the public sector that does occur. I guess what we're saying is more about the private sector having a process put in place whereby self-employed workers will have those assurances and be able to carry on their lives—as everybody else is able to—even though they are self-employed.

Having said that, could you expand on maternity and parental benefits as compared to, let's say, EI? For self-employed workers there are no parental and maternity benefits at the present time. Could you extrapolate a little bit on that?

**Ms. Marcelle Marion:** Parental benefits in terms of the self-employed—I know I didn't really deal with it in my presentation; it's in my paper.

**Mrs. Joy Smith:** That's why I'm looking forward to reading it.

**Ms. Marcelle Marion:** I think there are two aspects to consider when we think about the self-employed. One of them is the income replacement portion and the other is the business operations portion. It would be important that they have some means and ways to participate in that program.

I would feel the best approach would be a mandatory approach that would be universal. At first it could be a bit of a shock, but after a while I think the benefits of that would start to impress the self-employed. I think the self-employed would take advantage of the maternity portion but not necessarily the parental portion because it would mean being away for long periods of time.

**Mrs. Joy Smith:** Are you aware of any cost studies on this? For instance, has there been any company or association or anyone who has taken a look at the average income of the self-employed workers across our nation and costed out what it would take? When you say we should make it mandatory, do we have a dollars-and-cents ballpark of what this might cost?

**Ms. Marcelle Marion:** I think I would defer to the researchers on this, but I did see figures at the time the Quebec plan was being negotiated with the federal government—this is prior to the litigation—where they were comparing the cost of coverage that would involve the self-employed versus the current system. They were arguing that the actual cost was something very minimal, not a substantial amount of money to—

**Mrs. Joy Smith:** I like to look at factual information. Would it be possible, as much as you can, in your report to also bring to us some figures? If it's minimal cost, let's find out what that cost is, because that could be a good platform or a good argument.

**Ms. Marcelle Marion:** As I said, the only one I've seen was for Quebec, which was done through negotiations they were having. I will try to find the information I had on this.

**Mrs. Joy Smith:** Although you did say other countries were ahead of us in this area, so there must be something out there where we can compare and contrast.

**Ms. Marcelle Marion:** I haven't really looked at the financial aspects from other countries. My main interest in looking at other countries was to look at the level of coverage they had in their plans, and most of their plans are with the family pension set-up.

**The Chair:** Thank you very much.

We'll hear from Madam Gagnon.

•(1555)

[Translation]

**Ms. Christiane Gagnon (Québec, BQ):** Good afternoon. Do you speak French?

**Ms. Marcelle Marion:** I speak French but I want to be sure I understand.

**Ms. Christiane Gagnon:** You can listen to the simultaneous translation, if you don't understand French.

**Ms. Marcelle Marion:** Thank you, I understand French quite well.

**Ms. Christiane Gagnon:** You know Québec will have its own parental leave plan and that self-employed will be eligible for those benefits too. I get involved with the witnesses who come to present us their point of view on the parental plan that the federal government will implement.

Do you know all the fine points of the parental plan that will be implemented in Quebec? Are you familiar with the notion of moral risk, since the number of hours worked will not be taken in account? It will rather be an amount of 2 000 \$ and more. The ceiling has been raised to 56 000 \$ so that more taxpayers may contribute to the parental insurance plan and to enhance the equity of the plan. Many part-time female workers and students who have worked and who would not otherwise have access to EI will be eligible to receive benefits. The intent was to facilitate access for women.

**Ms. Marcelle Marion:** It's a good thing.

**Ms. Christiane Gagnon:** Many times, women take part-time jobs and are self-employed because of their responsibilities towards their children at home. They often decide to be self-employed.

Do you think this kind of coverage would be good for the rest of Canada and would translate in a plan that would be better adapted to the reality of the labour market?

**Ms. Marcelle Marion:** This is exactly what I wrote. I am in favour of the plan which Quebec will implement. It is a plan that better reflects today's reality and the situation of workers in every fields, in particular for the self-employed.

Self-employment raises a problem: many women do not have the number of hours required. The income aspect help making the plan fairer for all workers. I have studied the Quebec plan in detail. It is very interesting and we could develop a similar plan for Canada. We are told that the costs would not have to be much higher, which is interesting. We were expecting an increase of about 10 p. cent for the insurance. I can't give you exact figures.

**Ms. Christiane Gagnon:** I will try to find my notes on this and I will come back to that in a moment. It is true this plan is more accessible for self-employed female workers. It offers more flexibility with the various options. The parent can choose between a maternity and a parental leave; men could use part of that leave. The percentage varies according to the number of weeks selected. The level of the benefits varies too according to the income, whether it is a salary or contractual.

**Ms. Marcelle Marion:** Yes. I think the flexibility of a plan like this one is a very important feature. Moreover, I encourage the committee to look at this plan, especially the flexibility part. I think the female self-employed who work in other fields will be especially attracted by this flexibility. This plan is interesting because it offers various options.

• (1600)

**Ms. Christiane Gagnon:** I would like to ask one last question.

In the case of a self-employed that works for the Quebec government, the plan provides that the employer's share will be paid by the provincial government.

Will the one which will be set up by the federal government adopt this arrangement? Who will pay the share which is usually paid by the employer in the case of full-time workers? Do you think the

federal government should act as a good employer and pay his share for the self-employed worker?

**Ms. Marcelle Marion:** It would be very useful that the government accept to do it. Self-employed workers get low wages, this is a fact. If they had to pay both the employer's share and the employee's share, it would make things difficult for them. I think this should be done. I haven't done a fiscal analysis of the costs involved, but they should not be very high, if we take into account the present situation, the employment insurance and the level of benefits people receive. We would have to make a lot of adjustments for that.

**Ms. Christiane Gagnon:** Thank you.

[English]

**The Chair:** Thank you.

We'll move to Ms. Neville.

**Hon. Anita Neville (Winnipeg South Centre, Lib.):** Thank you very much.

Welcome, and thank you for your presentation.

I too look forward to reading the paper. I certainly have certainly some questions coming out of it.

I'm following up on Mrs. Smith's question. We were talking about the top-up, and you spoke of it as not being a good thing. Are you speaking of it as not being a good thing in terms of equity, in that some people get it and other people don't? My understanding is that the rules allow for a top-up of 93% of one's income.

**Ms. Marcelle Marion:** Yes.

**Hon. Anita Neville:** But when you're speaking of it as not being a good thing, you're speaking of it in terms—

**Ms. Marcelle Marion:** In terms of equity.

**Hon. Anita Neville:** —of equity: some people get it; others don't.

**Ms. Marcelle Marion:** It also speaks to the universality of the program. In certain groups, a very small percentage, actually, have received that benefit. Perhaps a better application of resources would be to improve the program that exists right now and provide adequate coverage that isn't there.

I'll just tell you a little bit about my experience with some employers in the profession of law I spoke to about that problem. Now, this is just anecdotal; it's not something I've studied extensively.

They weren't too interested in participating, and I asked why they didn't participate in the top-up program for lawyers in their firms who were associates and were receiving salaries. They said they weren't too keen on participating in it because they felt they were already subsidizing the program at the level they were at and the top-up was actually a subsidy to the government so it could reduce the amount some more. A lot of them recalled that the program 20 years ago actually covered close to 70% of the wage; it has now gone down to approximately 55%, so there's been a substantial decrease in the wage replacement part.

This is mainly from some of the firms I spoke with. They felt the top-up was a subsidy and it wasn't really fair to them to put in that extra. They were already paying into the system, they were paying again, and it didn't give the government any incentive to pay their fair share or increase the levels so everybody could share in that cost.

• (1605)

**Hon. Anita Neville:** This is not the line of questioning I was going to ask you, but it came up. You talked about fair compensation. How would you determine fair compensation?

**Ms. Marcelle Marion:** I think I would use an international standard. Canada fares well from an economic perspective in an international perspective, yet there are countries with far less resources than we have that are providing better coverage to persons who are unemployed or who are...I'm speaking about the maternity part. It would seem that we have to look at it from an international standard point of view.

**Hon. Anita Neville:** When you talk about it from an international standard point of view, I was interested in your opening comments where you said that in your scan of other countries, the benefits are not provided through an insurance program but are provided through health and pensions.

**Ms. Marcelle Marion:** For maternity benefits.

**Hon. Anita Neville:** Yes, for maternity benefits, parental, and that's what we're focusing on.

**Ms. Marcelle Marion:** That's right. I know.

**Hon. Anita Neville:** It's inevitable that the whole EI comes into the discussion.

What would you model it on, then? You said in your comments that you prefer the insurance, yet you're saying that in other countries it's better because they receive a higher amount through either health or a pension.

**Ms. Marcelle Marion:** Actually, I'm not saying it's better because they get it through the pension or health programs, the social programs. I think we can do very well in the insurance program we have, to cover maternity and parental benefits for the self-employed. I think we can do it very well through the insurance set-up we have. Some of these countries don't have the same jurisdictional issues that we suffer from and glory from. It's something that I suppose would take in our reality.

From my review of that literature, I'm not sure they're getting better levels because it is under health regimes or social program regimes. I think we can do it through the system we have now, except extend it to self-employed and improve our levels that we're providing so there would be an adequate replacement income.

**Hon. Anita Neville:** We're all watching with interest what's going on in Quebec, the details of the programs and certainly the flexibility in terms of either taking more money for a shorter period or less money for a longer period. You've done an analysis of the Quebec program—it's about to begin—so have you any thoughts or comments in terms of how it might be improved and how it might be applied nationwide, across Canada?

**Ms. Marcelle Marion:** When I studied that program, I compared it a little bit to other programs that exist, of course. The Quebec model is interesting in that in terms of protection programs for

maternity and parental, there are basically two schemes. One of them is what you call an insertion model and the other is a means-tested scheme.

Quebec has gone more into an insertion model scheme that looks at the labour market and says there are certain deficiencies in that labour market and we need to provide the kinds of supports and services that the self-employed person needs. This applies especially with maternity and parental benefits.

The other model is a means-tested kind of programming. Canada has been moving more towards this means-tested programming, although we might say that the EI program in Canada is universal and applies to all workers, but it excludes a lot of people. The Quebec model is more inclusive. It includes more people. It doesn't always mean that it's more expensive to do it one way or more expensive to do it another way.

The model that Quebec is using is very much like the one in France and some of the European countries, although they're doing it through health and social programming. We can do it through the insurance set-up we have. But perhaps we can emulate more the insertion model ways.

In this particular economy, where you have quite a few people who are no longer protected by all these benefits, we still have all these responsibilities of child rearing and supports that are needed. We need to find ways in order to do that. I think Quebec is finding an interesting way that reflects the modern reality more than the old models, the welfare models, the means-tested models.

In the perusal of the literature that I've looked at, these are basically the two types we're dealing with.

• (1610)

**The Chair:** We can come back around the next time. Thank you very much.

We will move to Ms. Crowder.

**Ms. Jean Crowder (Nanaimo—Cowichan, NDP):** Thank you.

There are a couple of things. You mentioned earlier the inadequacy of the coverage, and we've certainly heard from a variety of people. When we're talking about how inadequate it is for professionals, you can imagine how inadequate it is for low-income or seasonal workers, or for some of those contingent workers you talked about.

In your view, if we were to use the insurance plan, what mechanism would we use to pick up those workers who are currently not covered, yet continue to pay EI premiums? That's one piece of it.

You also talked about looking at income versus hours. Could you touch briefly on that as well?

**Ms. Marcelle Marion:** The first point was on...?

**Ms. Jean Crowder:** It was the inadequacy. We already have a significant number of workers paying into the system who don't qualify.

**Ms. Marcelle Marion:** Yes. In fact, employers have been saying this. Again, it's people I've spoken to in legal profession firms. They say they have these part-time workers and collect this employment insurance, but the part-time workers are not getting it.

The problem is that a lot of part-time people are not getting it. They're not getting it back. You're right.

**Ms. Jean Crowder:** What would you suggest, then, in terms of changes to the system? In fact, it is the workers who can least afford it who are subsidizing workers.

**Ms. Marcelle Marion:** That is the inequity of the system. It is something that can be fixed.

**Ms. Jean Crowder:** What would need to be done, specifically?

**Ms. Marcelle Marion:** I've been so focused on the self-employed, but I would think that using income as a basis—

**Ms. Jean Crowder:** When we use income as a basis, many of the seasonal part-time workers are still low-wage earners.

**Ms. Marcelle Marion:** Yes.

**Ms. Jean Crowder:** Just using income, even if we raised it to 65%,—

**Ms. Marcelle Marion:** I know.

**Ms. Jean Crowder:** —if you make less than \$20,000 a year—

**Ms. Marcelle Marion:** It's not much.

**Ms. Jean Crowder:** —it's not much.

**Ms. Marcelle Marion:** Right.

**Ms. Jean Crowder:** It's a tough problem. Although we're specifically focused on the self-employed—

**Ms. Marcelle Marion:** Yes.

**Ms. Jean Crowder:** —the issue about qualifying conditions also applies more broadly.

**Ms. Marcelle Marion:** Yes. I think this is why the Quebec plan is so interesting. It does embrace both the self-employed and the part-time worker. It does cover various types of employment and workers with limited revenues. They have other programs they can build into their EI regime for the low-income workers.

I haven't studied that part of it. I know it's an issue. When I spoke at the beginning about the recommendations I was making, this is one of the reasons I thought it was important. If you're considering anything like the Quebec plan, you would want to take a look at the contingency workers and the self-employed and not put them separately. One of my concerns, when I was researching this a year or so ago, was that we were putting the self-employed in there, and then looking at contingency workers on this side of the fence. This is a problem, because there are areas where they converge and the problems are the same. You're fixing one end of the program and not the other. It could really be a problem down the road.

If we use the model we have been using in the EI program, which is a means-tested arrangement, it's very hard to tinker with the system now. The insertion model seems to embrace those problems a little bit more; there's a more integrated approach.

That's one of the things we have to think about in terms of maternity and parental programs too. You have other places, such as

the tax. Section 63 of the tax doesn't allow self-employed women who use services—for example, a nanny—to look after their children to claim that as a cost for employment. There are all kinds of problems—the labour code, the tax, the EI, the parental benefits, and the self-employed.

The Quebec plan integrates a lot more of those problems than the current system does.

My point is that it's not just a matter of improving access to the self-employed; there is a whole host of integrated issues around that with other workers.

•(1615)

**The Chair:** You have a little more time.

**Ms. Jean Crowder:** My next is really a comment. It seems that what the committee needs to do is not hear from more groups who can talk about the issues concerning self-employment. We need to hear from somebody with a good understanding of the Quebec model about how we could work with it. I think we've heard from sufficient witnesses about the issues around maternity and the employment insurance system. It seems we need some solutions now.

Are you aware of any analysis? I know the Quebec model was moving into implementation, but is there a written analysis that has been done of the Quebec model that you're aware of?

**Ms. Marcelle Marion:** I've done some research, and I'd have to go back in my pile. This is a new program, but it's not new in another sense, in that this program has been implemented in France since 1995, for instance. It's not a totally new way of doing things.

There is an issue in terms of self-employment and parental benefits that might be of interest regarding who to talk to or contact. There are roles for the associations and the provincial government on the business side of planned coverage for the self-employed. Quebec has a plan right now where all the members of a lawyers' professional association are levied \$50 more a year that goes to provide parental benefits to a professional. They tend to deal with the income part. I would not encourage that.

I would encourage that they deal with the business operating loss a self-employed person deals with, and perhaps that should be with the provinces as well. They could be passing support legislation to take care of that end of it in terms of the self-employment. Federally, EI could deal with the income replacement parts.

**The Chair:** Thank you.

[Translation]

**Ms. Christiane Gagnon:** Madam Chair, shouldn't we have somebody from Quebec?

[English]

**The Chair:** Yes, we expect to have a witness from the community who is familiar with working with the Quebec model.

[Translation]

**Ms. Christiane Gagnon:** I had given a name.



[English]

**The Chair:** For next Wednesday, we will add a person who is familiar.

Ms. Yelich.

**Mrs. Lynne Yelich:** That's wonderful. That is exactly what I was going to ask, except it would be nice to know the person who is doing the math and analyzing the cost.

I did think what you said about addressing the business operating loss was interesting, because I had a problem with people who have employees. I'm thinking specifically of hairdressers. The business person who hires a hairdresser finds that the unemployment is not fair because he or she has to keep that chair available for the person to come back and do the hairdressing. I'm thinking that's probably why top-up isn't working for employers, because they have to replace that person for a year, and they have to keep that job open. I'm not sure whether there has to be flexibility there, but I do know that was a huge problem. When somebody decides to take maternity leave, that job has to remain open. For example, teachers don't have to give much notice that they're going to take maternity leave, so sometimes the school boards are left with only a month to try to find a replacement.

Those are some things that I think we have to address, such as where the employer fits in regarding maternity benefits. My other thought—and I wanted to know yours—is on compassionate care. Do you have any thoughts or any comments you'd like to make to the committee on that? Is there room for compassionate care in EI? If it was extended, as you said...and I can agree with you that perhaps we have to start seeing the benefits rise.

• (1620)

**Ms. Marcelle Marion:** Yes, and it's interesting because compassionate care is somewhat like child care. You have all kinds of caregiving roles that take place in society, and we need to have enough flexibility in the system to permit that kind of situation.

The self-employed, for instance, don't have any insurance, and right now, if they do perhaps get parental and maternity benefits, it doesn't mean they're going to get the others. But I think we need to consider that very seriously as well.

Again, some of the models dealing with these replacement situations for employment—for self-employed, for part-time, for full-time—those kinds of areas are often covered. It's part of an approach to looking at the work world and family life.

I think the whole issue of productivity is attached to this question. I didn't have any research on this area of productivity, but it could be that providing supports might end up making a more productive workforce just because there is more security, more flexibility.

**Mrs. Lynne Yelich:** Do you think there is data on productivity available?

**Ms. Marcelle Marion:** I think there is some data. I have heard there is some research being done in that area, but I can't offer any today. I'm just not sure.

**The Chair:** Thank you.

We'll hear next from Mr. Powers.

**Mr. Russ Powers (Ancaster—Dundas—Flamborough—Westdale, Lib.):** I have two related questions on contingency workers. Can you just help me in what you define as contingency workers? You've been attempting to separate them or bring them together or whatever. I'd like more of your thoughts on the treatment of contingency workers.

**Ms. Marcelle Marion:** There are workers who are working part-time, workers who have an attachment to the labour force, but a very minimal attachment and oftentimes on a part-time basis, but also contract workers. Some contract workers are called back frequently to go to work for a single employer, but never get any coverage. I would even say there are some self-employed who fit in as contingency workers. Their income is under a certain level for a period of time or it's very sporadic. They might be working three months....

Seasonal workers are a good example, but seasonal workers have more protection because they have a recognized attachment to the labour market, whereas contingency workers have a very nebulous attachment to the labour market.

• (1625)

**The Chair:** You have more time, Mr. Powers.

**Mr. Russ Powers:** You mentioned you felt that rather than the separation of self-employed and contingency...could you perhaps expand upon...?

**Ms. Marcelle Marion:** In terms of the research I was doing, we tended to be really strict about separating these two groups as though self-employed—

**Mr. Russ Powers:** Your choice or just the way things are thought out?

**Ms. Marcelle Marion:** No, it's not my choice. It's when you do the review of the literature and the research and you say, hey, what about the contingency, the new labour market? They tended to look at these as very separate, especially in the federal government more than, say, the academic institutions, but it's a field we are just starting to tap into. I don't feel there has been a great deal of research yet; we need to do a lot more, but it's mainly in the research that these are treated very separately.

At first they weren't. In the late nineties they tended to be looked at, in the research, as vulnerable workers. The vulnerable workers could be self-employed, and we seemed to move away from that to a new title, "the contingency worker". Basically the contingency worker is tied to the in-time workers—you need somebody there for a short period of time, the person comes, the person leaves, and there is no continuity of connection to that person.

I think, though, we need to consider the problems that are happening with those workers along with the self-employed because some self-employed do qualify. They call themselves self-employed, but they are basically in-time workers.

**Mr. Russ Powers:** In terms of your rationale, or your feeling—I'll use that terminology—that they should be integrated, is it just that? Or are there very clearly challenges, problems, and so on whereby for all the right reasons they should be integrated into a single entity for consideration?

**Ms. Marcelle Marion:** The challenge I see from a policy development point of view is making the link and connecting the right dots so that you're not missing opportunities, so that you are integrating certain measures inside the strategies you want to put in place, the policy strategies and the programs, and they cover a wider range of issues. We could be missing some important issues if we don't do it that way.

**Mr. Russ Powers:** Okay.

Thank you, Madam Chair.

**The Chair:** Thank you.

Ms. Neville, and then Ms. Smith.

**Hon. Anita Neville:** I'm next? Sorry, I was daydreaming.

I wonder if you could comment on something you said in your remarks. I didn't get it down fully, but when you were going through the points in your presentation, you talked about equity concerns over income gaps of the self-employed. Could you expand a little bit on what you were referring to there, and speaking to?

**Ms. Marcelle Marion:** I have a little figure I can share with you. This was taken in 2000 by Noreau. For full-time work, self-employed women received 64% of the average revenue of self-employed men, as compared with 73% among salaried workers. The salaried workers—for the wage gap, anyway—are at least becoming more on par with their salaried male counterparts in the same fields. But with self-employment, the wage gap is at 64%, which bothers me; 64% is a gap that, as a feminist, I have sort of a reaction to. Are we not repeating something that we were trying to address with all the equity measures we were putting in place? We now have a significant amount of women entering self-employment, and we're almost placing them in a ghetto situation with that kind of wage gap. So that is an area of concern.

Going back to the Status of Women and the royal commission in 1970, one of the concerns was this wage gap. We had to do something. Of course, many things have been done to address that for the salaried employed persons, but now we're starting to see that problem in self-employment. If we're going to encourage women to go into self-employment, we have to consider the possibility that they also suffer from the possibility of a wage gap. As a lawyer, I know of countless personal situations—I'm just going to use 10 or 15 years ago—where both the male and the female started at the same time, but the female often had the child care responsibilities along with trying to handle the profession and everything else.

Two people who I know quite well—one is a friend, the other is a friend—started at the same time. His income as a lawyer right now is about \$240,000 a year. Her income is \$30,000. She had to leave the profession and ended up being self-employed, opening a bookstore. Now that the children are at a certain age, at school and everything else, she's decided that she wants to get back into the profession. But she has lost, like, ten years, so there's the whole catch-up thing.

The reality out there is that when we're talking about self-employment, we're often talking about poverty, not just—

• (1630)

**Hon. Anita Neville:** I know that.

**Ms. Marcelle Marion:** And I know you know that. Without the income protections...and that's why I'm so much in favour of this program being extended to self-employed people. There are wage inequities, and there's a lack of supports and protections.

**Hon. Anita Neville:** We don't have a lot of time. We're on tightened time here.

I have a copy of the executive summary of the report you did for the Canadian Bar Association on extending benefits. Where has that gone? What's happened with that?

**Ms. Marcelle Marion:** The CBA had approved that we lobby government to have protections for self-employed persons—maternity and parental benefits. They were in favour of them and they still are.

They are not doing very much right now on other programs inside the bar association. They prefer it being a universal program through EI and that it be universal and cover the self-employed as well.

**Hon. Anita Neville:** Thank you.

**Ms. Marcelle Marion:** That's where they stand.

**The Chair:** Thank you.

We'll move on to Ms. Smith.

**Mrs. Joy Smith:** Thank you.

I would like to make a request of our researcher, Julie. I think it would be very prudent to have an international study done on this issue. There is a Quebec model. I'd like to have the Quebec model and the analysis of that. Also, I would like to have an international study on what's happening in other countries, specifically. Sometimes you don't re-invent the wheel; it has already been re-invented. And also I'd like to see if there's any country or any jurisdiction that has done a cost analysis of this particular issue.

In addition, I noticed when you were talking that there's a lot of provincial-federal jurisdiction within the mix. We're pretty clear on what's provincial and what's federal, but I think when we look at the cost, if there's anything there that can be attributed to those two jurisdictions.... Because where recommendations can be made at both levels really—although you don't want to infringe on provincial jurisdictions—it's nice to have that knowledge. Could we do that?

**Ms. Julie Cool (Committee Researcher):** There are existing studies on international comparisons.

**Mrs. Joy Smith:** Thank you.

**Ms. Julie Cool:** I could forward those to the members of the committee.

**Mrs. Joy Smith:** Thanks so much.

**Ms. Julie Cool:** I have to see whether there's an executive summary that could perhaps be translated for the committee.

**Mrs. Lynne Yelich:** Madam Chair, if I could make a suggestion, did Francine say she was working on this model, that she was a participant on the Quebec model?

**The Chair:** Christiane, you mean? We didn't have the translation. She wasn't talking to—

**Mrs. Lynne Yelich:** I thought she would be a good witness.

**The Chair:** I think we asked her if she could provide the name of a witness for us as well.

• (1635)

**Mrs. Joy Smith:** How much time do I have?

**The Chair:** You have five minutes, inclusive of the answer, of course.

**Mrs. Joy Smith:** I know my colleague brought up a very interesting aspect, which was compassionate leave. With an aging population across our nation, that has a really big impact on self-employed people, and it's something that isn't talked about. Building families, building community—it's all part of keeping a family together and taking care of our most vulnerable citizens.

You sort of brushed over it and got on to another topic, and I wasn't clear on whether you had done some studies on that or if you have some additional information about how that impacts on the self-employed.

**Ms. Marcelle Marion:** The only information I got on compassionate leave was in the context of looking at the different models of programs. For instance, there is the insertion model and the other model. The insertion model that Quebec is applying tends to look not just at parental and maternity leave; it looks at family life, the questions and needs of family life in the context of the workforce.

**Mrs. Joy Smith:** So compassionate leave is within that context?

**Ms. Marcelle Marion:** It's in that context, inside that model.

**Mrs. Joy Smith:** Is this the only model you've looked at, or are there other comparisons you've done that you could share with us?

**Ms. Marcelle Marion:** No, I did a review of the literature. You have outstanding researchers here who have probably looked at it a lot more than I have. I tended to look at things from an institutional perspective and at institutional theory. Basically, it boils down to two kinds of models. One is the welfare state model. In the welfare state model, which is basically what we have been following in Ontario and in Canada, in terms of even just welfare programs and EI—they tend to take events like compassionate leave or parental leave in pieces, rather than looking at them in an integrated format.

Compassionate leave in an integrated format would be more like an insertion-type model. Really, we're starting to see this in the federal program. It's becoming more directed that way, with programs like compassionate leave, which takes the family into account.

**Mrs. Joy Smith:** I noticed that in the paper you prepared for the Canadian Bar Association you had looked at three kinds of schemes. You looked at the public insurance scheme—similar to the Quebec model—the private voluntary insurance model, and the self-funded

schemes in the form of either association-created plans or individual personal savings through tax shelter plans. I'd love to see that paper, because I think it is very intriguing to see the three models you've compared and contrasted.

My two questions are: one, could I get a complete copy of that particular presentation; and two, in your mind, after examining these, Marcelle, what do you think the best outcome of either of these plans would be, if they were implemented? Or would you take bits and pieces of each of them, or create something new?

**Ms. Marcelle Marion:** I would definitely favour the first, the universal insurance scheme as we have it, and expand on it, but looking at the model that will be practised in Quebec. That would be the best model.

The other models.... Quite frankly, the legal profession might be able to afford the self-funded plans, but it places a great burden on the self-employed person to come up with the loose change to support this kind of thing. When you can pool this kind of risk—I don't want to call it risk—then more people can have access and benefit. That to me would be the ideal. I support the CBA resolution on this, that this be our favourite approach, instead of going through the bar association.

When I say mix and match, I would say the mixing and matching should come from the provinces and from the associations, to deal with some of the other issues they have under their jurisdictions.

**Mrs. Joy Smith:** Thank you for your very insightful input on that.

I'm wondering, to go over and above this, whether your association or the group you are working with has actually done a survey of self-employed people to present to them the three plans and get some feedback out in the field. Has there been anything done in that regard?

**Ms. Marcelle Marion:** No.

**Mrs. Joy Smith:** Might I suggest this might be useful, if it's possible for you to do.

**Ms. Marcelle Marion:** They feel the debate is closed. It has been passed by the Canadian Bar Association at their annual meeting. It was voted upon that the preferred and only method to deal with maternity and parental benefits for women is that—

• (1640)

**Mrs. Joy Smith:** But my question was, to come to that, did you go out to the field to get input?

**Ms. Marcelle Marion:** Yes, I did get input from the field and spoke to as many people as I could. This was all volunteer, and it was very difficult for me to go out, but whenever I could I did, over a period of three or four months.

**Mrs. Joy Smith:** Did you do that alone, or did you have a committee?

**Ms. Marcelle Marion:** On my own, yes.

**Mrs. Joy Smith:** I applaud you for doing that.

It's very interesting to see the new developments happening all across the country in this regard. Thank you so much.

**Ms. Marcelle Marion:** You're welcome.

**The Chair:** Thank you, Ms. Smith.

Are there any other speakers or questions?

If not, it's my pleasure to thank you for coming before the committee today; it's been very insightful. We're certainly going to be forwarding the document. We'll look forward to reading it as well. I'm sure it will help us.

**Ms. Marcelle Marion:** I'd like to thank the committee for inviting me. It's an area I'm very interested in, and I welcome the opportunity to have come to talk to you today about this.

Thank you.

**The Chair:** Just before we close, I want to inform the committee that Monday we will be hearing from both ministers, Irwin Cotler and Joe Fontana, regarding the committee's report on pay equity and the government's response. We'll have an opportunity to question that on Monday.

Thank you. The meeting is adjourned.

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