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Chair

Mr. Dean Allison

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•(0905)

[English]

The Chair (Mr. Dean Allison (Niagara West—Glanbrook, CPC)): The Standing Committee on Human Resources, Social Development and the Status of Persons with Disabilities is meeting this morning in room 209, the West Block, pursuant to Standing Order 108, to commence its studies on employment insurance funds and the summer career placement program.

I just want to thank the witnesses for coming out today. I know we still have a few more witnesses and members to show up, but I thought we'd get started.

Just before we get started, though, just for the members of our committee, you'll see in front of you a proposed schedule for the HUMA committee. I just want to let you know that we'll be addressing that. As we talked about previously, we will address motions in the last 15 minutes of each meeting. My suggestion is that because we have a number of motions before us, we should start looking at how we can deal with those motions over the next couple of weeks.

In terms of the motions that we have here, I just wanted to let you know that they're here and that we can discuss them after we've heard the witnesses today. So if there are some concerns about what motions we should hear today versus others, we can discuss those afterwards, but I just wanted to let everyone know that we are aware that there are a number of motions before this committee and that we would like to address them. This is just a proposed schedule set up by the clerk.

Mr. Regan.

Hon. Geoff Regan (Halifax West, Lib.): Mr. Chairman, can you just tell me if their order here is related to the order they've been received?

The Chair: That's correct, yes. Thanks.

Mr. Lessard.

[Translation]

Mr. Yves Lessard (Chambly—Borduas, BQ): Mr. Chair, we could deal with the motion on pilot project number 6 today since it comes to an end on Sunday, June 4. If we deal with it on June 6, the pilot project will already have come to an end.

Mr. Chair, I'm therefore going to move that this motion be debated and voted on today.

[English]

The Chair: Okay, thank you, Mr. Lessard. We'll discuss that when we deal with the motions afterwards; that will be one of your recommendations.

Now we're going to hear from our witnesses. We're going to have up to 10 minutes each for opening statements, and then we can start with some questions. We're hoping we can have 10 minutes on each issue, which would be great. We have the issue of the rate setting and employment insurance funds, as well as the summer career placement program.

Ms. Diane Carroll (Assistant Deputy Minister, Employment Programs Policy and Design Branch, Department of Human Resources and Social Development): Thank you, Mr. Chair.

My name is Diane Carroll, and I'm the assistant deputy minister for employment programs with the Department of Human Resources and Social Development Canada. I'm joined by my colleague, Réal Bouchard, from the Department of Finance, and by Bill James, also from Human Resources and Social Development Canada.

The individuals at the table are here to talk about the first item on the EI account and the premium rate-setting mechanism. We have handed out a short presentation deck that I will walk you through in no more than 10 minutes, as a way of doing the presentation. There are some colleagues in the back who will deal with the summer career placement issue.

In terms of purpose, the deck sets out to give you a sense of how the EI account works in the context of the EI program and to give a bit of information about the new premium rate-setting mechanism that was put in place for the first time this current year. There's a new mechanism that sets the premium rate for 2006.

First, I'll give you some background on the account. As I'm sure most members of the committee recognize, the EI account is an integral part of the fiscal framework of the Government of Canada. Since 1986, it has been integrated with the books of Canada, which means it is not an account that holds cash but one that tracks how much is collected in premiums for EI and how much is paid out in benefits.

The account's resources are integrated with CRF, which means that if you spend more on EI, you impact the overall fiscal situation of the Government of Canada. It is integrated, which was a recommendation of the Auditor General back in 1986. Given that the EI program is an integral policy for the Government of Canada, it should be integrated with its overall spending plan.

Page 4 gives you a bit of background on the new rate-setting mechanism that was launched by Budget 2005. What it did was address five key principles that had been set out by the government at the time in Budget 2003, stating that the premium rate-setting process needed to be more transparent, that the premium rates needed to be based on independent expert advice, and that the expected premium revenue should correspond to expected program costs. We should try to set the premium rate so that the expenditures on the program are equal to the premiums collected.

The premium rate setting should allow for mitigating the impacts of the business cycle, and we should create some kind of stability in the premium rate over time. This is a particularly important issue for employers, because you don't want to be in the situation where you're constantly changing employer cost from one year to the next, and particularly you don't want to be doing that when you're moving into a downturn in the economy.

The rate-setting mechanism, which was set out in Budget 2005, also took into account many of the views of the standing committee that had looked at the entire EI account and premium rate setting.

Slide 5 sets out what the legislation actually provided for that set the new premium rate. What it basically requires is for the Department of Finance to provide the chief actuary with all the relevant forecasts: the economic variables for the upcoming year. That has to be provided by the Ministry of Finance by September 30 of the preceding year. The chief actuary then prepares a report that is forward-looking and designed to be break-even, meaning that the premiums to be collected in the upcoming year will come as close as possible to equalling the benefits to be paid out that year.

He has to submit a report to the commission by October 14 of each year. The commission must make that report public and consult with the constituencies. They can hold very broad public consultations with the public, but the key constituencies are obviously the representatives of the premium payers, which are the workers, unions, and employers organizations.

- (0910)

The rate is then actually set by the commission itself, and it must set the rate by November 14. The government does have the ability to change the rate. The legislation basically says it can be done if it is felt it is in the interest of the public to do so. The government would have to have a rationale that the premium rate the commission set is either too high or too low due to situations that are projected for the future year.

In terms of the principle of transparency, the legislation sets the timelines. They are defined fairly clearly and give a lot more certainty to employers and employees. It ensures that the rate is set much earlier than it has been in the past. There have been years where the premium rate has actually been set as late as mid and late December. This gives very little time for employers to prepare for the

collection of different premiums that have to start on January 1. The lead time for employers is extremely important.

The chief actuary's report is actually made public; one was released last year. It sets out how he set the rate. There is broad consultation authority that the commission must lead. The Governor in Council can substitute a rate, if it so decides, but again, they have to demonstrate that it's in the public interest to do so.

In terms of the principle of independence, this new rate-setting mechanism ensures that the commission has the full legislative authority to set the premium rate. In setting the rate, the commission is required to take into account three basic things: the principle that revenues will equal program costs in the upcoming year; the actuarial perspective; and what it has heard from the public, from the representatives of the two key constituency groups.

In matters related to setting the rate, the chief actuary has a functional reporting relationship directly to the commission. The chief actuary is actually an employee of Human Resources and Social Development Canada, but in his role in terms of setting the premium rate, he has a direct reporting relationship to the commission. The commission itself, for those who don't know, is made up of a representative of employers—somebody who represents the employers in the business community—and a representative of the workers and unions. The chief commissioner is also the Deputy Minister of Human Resources and Social Development. It's a tripartite commission, and it makes decisions by a majority vote.

On slide 8, in terms of premium rate stability, there were a number of things put into the legislation to ensure that the premium rate did not dramatically fluctuate from one year to another. There is a maximum change that the commission can actually make in setting the rate. It cannot increase or decrease the rate by more than 15¢ from one year to the other. There was also a ceiling put on the premium rate for both 2006 and 2007, that the rate could not be higher than \$1.95. If the government were to decide to substitute its own rate for the commission's rate, it is restricted by those two rules as well.

In terms of next steps, 2006 was the first year for the new rate-setting legislation. Last year, the commission set the premium rate for 2006 at \$1.87. This followed a consultation process with representatives of the payers. It was consistent with the break-even rate that was calculated by the chief actuary and actually decreased the rate from \$1.95 to \$1.87. In 2005, the rate was \$1.95 for employees. It dropped to \$1.87; the employer's rate dropped from \$2.73 to \$2.62. This was the 12th year that the premium rate has actually declined. If you look back to 1994, the premium rate was \$3.07 for employees. It has now gone from \$3.07 to \$1.87 over that 12-year period.

Although the commission continues to consult its constituencies throughout the year, the substantive work by the chief actuary and the commission for the 2007 rate will start this September. The first step is the receipt by the chief actuary of the economic forecast for 2007 from the Department of Finance. That's when the chief actuary can actually start the process of analyzing what his recommended rate would be for 2007.

• (0915)

That is just to give you a sense of how the process works.

We can turn back in terms of any questions, but I'm not sure if you are moving on to the second presentation first.

The Chair: Thank you, Ms. Carroll.

I think we'd like to hear a 10-minute overview from the summer career placement program, and then we'll get everyone to answer questions on both.

Ms. Donna Achimov (Assistant Deputy Minister, Citizen and Community Services, Service Canada): Good morning, Mr. Chair, and thank you.

Good morning to the committee members.

My name is Donna Achimov. I'm the assistant deputy minister with the citizen and community service branch of Service Canada.

Joining me today are Robert Smith, director responsible for the youth initiatives programs directorate; Julie Lefebvre, also from the youth programs directorate; and Renata Borysewicz, director of target strategies with Human Resources and Skills Development.

Thank you for inviting us here today. I have provided each of you with a copy of my presentation, *en anglais et en français*, and I am pleased to start with a short overview of the presentation.

I'm turning to slide 1. The purpose of the presentation is to provide an update on the summer career placements initiative in 2006. What I'll touch on today is an overview of the summer career placement initiative, for those members who are new to the table; a little bit of context in terms of what we did last year; updates for this year; and an update on the Service Canada centres for youth, which are interrelated.

• (0920)

[Translation]

Now for a brief overview of the SCP initiative.

Part of the YES, the Summer Work Experience program is designed to help create summer employment opportunities for secondary and post-secondary students. The program supports the delivery of the Summer Career Placement and the operations of more than 320 Service Canada Centres for Youth across the country.

As part of the Summer Work Experience program, SCP is a major component of the Youth Employment Strategy.

[English]

Slide 3 has an overview of eligibility. The summer career placement objectives are to help secondary and post-secondary students acquire the employment-related and career-related skills they need throughout the summer during summer jobs to support their return to school and to help finance their education.

To be eligible, very simply, students have to be between the ages of 15 and 30 inclusively. They have to be registered full-time students in the previous year, with the intention of returning full-time in the next academic year. They have to be without another full-time

job, they have to be legally entitled to work in Canada, and they have to be a Canadian citizen, a permanent resident, or a refugee.

Slide 4 shows that annually the program helps over 50,000 students gain valuable summer work experience. Funding provides wage subsidies to help employers provide career-related summer jobs. The wage subsidies can be 50% of the prevailing provincial-territorial minimum wage for private and public sector employers and 100% for prevailing provincial-territorial minimum wage for not-for-profit employers.

The career placement work experience ranges from six weeks to a maximum of 16 consecutive weeks each summer. In the 2005-06 fiscal year, over 31,000 contribution agreements were signed with employers. The majority of those were with the not-for-profit sector.

Slide 5 indicates that the program is traditionally launched in January every year, allowing sufficient time for employers to submit their applications. The application deadline date for summer career placement is normally at the end of March, and applications are processed throughout the months of April and May. The program is delivered locally; applications are submitted to the local Service Canada centres for review, assessment, and approval, and all summer career placement agreements are supported and managed at the local level.

Slide 6 talks about the role of members of Parliament. MPs are invited to provide concurrence on the summer career placement recommended projects. They can choose to participate, delegate to an assistant, or decline entirely their participation. MPs provide concurrence on the list of Service Canada recommended projects, and Service Canada officials approve the summer career placement projects for funding on behalf of the minister.

Slide 7 is the budget process. The budget is allocated using a two-step budget allocation model. A national allocation model distributes funds to the regions, and the constituency allocation model further allocates the regional amount at the constituency level. The model is based on two variables from census data, as I mentioned earlier: full-time student population between the ages of 15 and 24, and full-time student unemployment rates for those between the ages of 15 and 24 years.

Slide 8. In 2005 the allocation model was revised to allocate funds from 301 to 308 constituencies. We were using the 2001 census data, and the use of variables was consistent with that of previous years. The 2001 census showed marked changes in youth demographics in some parts of Canada more than in others. Notably, there was a decrease in the youth population in five of the eastern provinces and increases in some of the western provinces. I have a little bit of an overview and a breakdown of that in annex A in the attachment at the very end of the deck. Applying the revised model resulted in changes to funding allocation at the regional and constituency levels.

Slide 9. To reduce these impacts, Service Canada and Human Resources and Skills Development Canada introduced two specific measures. The first was that regional allocations were maintained at the 2004 level. The second was that no constituency budget decreased by more than 30% from 2004. The \$4.2 million in additional funding for the summer career placement program that was required to support these measures was drawn from within the department. The 2004-05 budget was a total of \$93.3 million, and the 2005-06 summer career placement budget was increased to \$97.5 million.

Slide 10 gives a brief update. Summer career placement was successfully launched again in January 2006 and was announced by Minister Finley in March 2006 in Quebec City and Kitchener, Ontario. The application deadline was March 31 across Canada, except in the Northwest Territories and Nunavut, where it was extended to April 7 of this year.

Minister Finley approved the summer career placement budget allocation of \$97.5 million for this year. Again, this is the same as the budget we had for last year. We have received over 38,000 applications this year. Project approvals are currently under way, and 320 of our Service Canada centres for youth, formerly known as HRCC-S, are in the process of opening across the country in support of students.

Slide 11. On May 16, the Office of the Auditor General's report on grants and contributions was tabled in Parliament. Chapter 6, on the management of voted grants and contributions, referred to the summer placement program, which was one of five contribution programs assessed as part of this review.

Slide 12. HRSDC and Service Canada received a positive report for all elements of the summer career placement that were assessed in the February 2006 Auditor General's report. The summer career placement system for ranking applicants was considered to be the most transparent and objective of all of the programs that the Auditor General examined. The summer career placement risk assessment process to determine the level of monitoring and reporting requirements of the recipients was considered to be rigorous.

● (0925)

Finally, the summer career placement system has built-in features and controls ensuring rigorous accountability and management procedures.

Moving to slide 13, Service Canada continues to look for ways to further enhance delivery of the summer career placement program. An implementation plan is in place for automating the summer career placement application process for the next fiscal year. An earlier application deadline date is also planned for the summer career placement program, starting in 2007.

We're reviewing input from various sources to identify the most effective and efficient ways to improve client service and to have continuous improvement. We currently have a field survey of participants, employers, and Service Canada officials on the go. A recently completed examination outlining ways to reduce administrative burden and to improve the delivery of the initiative is part of that process.

[*Translation*]

Let us turn to page 14. There are over 320 Service Canada Centres for Youth serving students and youth across the country. A plan is underway to further enhance the services offered by the centres to better meet the needs of students and youth. It is expected that enhancement will be made in the near future to include a more extensive Youth Outreach Strategy designed to more actively reach out to youth within communities.

[*English*]

In conclusion, the summer career placement program is an extremely important initiative designed specifically to help secondary and post-secondary students acquire relevant, career-related employability skills and to help them finance their education. Providing more than 50,000 students with valuable summer jobs each year speaks directly to the success of the initiative and its positive impact on strengthening the Canadian economy.

We'd be pleased to answer any questions the committee has.

Thank you.

The Chair: Thank you.

We'll start our first round of questioning.

Mr. D'Amours, seven minutes.

[*Translation*]

Mr. Jean-Claude D'Amours (Madawaska—Restigouche, Lib.): Thank you very much, Mr. Chair.

The first question I'm going to ask concerns employment insurance. I'll then talk about Summer Career Placements.

If you know what is happening with employment insurance currently, you'll be aware that in the next few days—and there will be other changes over the upcoming months—one of the pilot projects may not be renewed. I'm referring to the pilot project that provides for five extra weeks which is intended to fix the black hole problem, if I can call it that. We're currently getting an indication that this pilot project won't be renewed.

In October, there will be a similar situation with another pilot project. I don't know in which direction that pilot project is headed, but I'm afraid that it may also be left by the wayside. I'm referring to the pilot project on changes to some regions' economic areas, including Madawaska and the Lower St. Lawrence in Quebec.

Do you intend to or do you want to find solutions? On June 4, one of the pilot projects will come to an end. We've heard there will be only an assessment and that these people will be in a very tight spot as of June 5. Those who don't manage to tally up enough weeks over a 52-week period will find themselves in a black hole for some time.

Do you intend to continue with the pilot projects until the evaluations are conducted so that these people and the families that rely on them will not suffer? As we say, bills have to be paid. You've got to keep paying the rent, the mortgage, the groceries and electricity. It is no longer like it was in the 30s where you could buy on credit at your general store. That's no longer the way things are done. This is 2006.

What's your stance on that issue?

• (0930)

[English]

Ms. Diane Carroll: Thank you for the question.

As an official, I cannot state what the government intends to do in terms of the decision. All I can say is that Minister Finley is certainly looking at the issue, and has consulted certainly with you and with other MPs. I think a decision, obviously, will be made this week in terms of what will happen.

The minister is certainly very aware of the issue. She understands the dynamics, knows the issues facing gappers, and understands what the pilot is trying to achieve. She is doing that assessment, along with her cabinet colleagues, in terms of the next steps.

As an official, that's all I can say at this point in time.

[Translation]

Mr. Jean-Claude D'Amours: As an official, you can certainly tell me if the minister has asked you to not extend the pilot projects. You probably started to check certain things and to make recommendations to the minister. If there were to be an announcement this week, somebody somewhere would have to have been consulted. I'd like to know if you've made any such recommendations to the minister.

[English]

Ms. Diane Carroll: The minister has certainly not recommended to us that we end the pilot. As I said, she is still considering all of the options in terms of whether the pilot should continue, whether it should be adjusted, or whether it should simply end.

She has not made a decision, so she has not directed the department one way or the other in terms of the next steps.

[Translation]

Mr. Jean-Claude D'Amours: I agree with you on that point, but can you tell me whether you think these pilot projects are worthwhile maintaining, so that workers who will have bills to pay and will be facing serious difficulties in a few months will not be penalized? Shouldn't the pilot projects be kept until another assessment is made?

[English]

Ms. Diane Carroll: The full evaluation of the pilot has obviously not been completed. The pilot is still running. We obviously have not had time to fully evaluate what the impact has been. You need the time to actually track these individuals to see how much time they worked, how much time they actually collected EI benefits for, and what the gap was between the end of their EI benefits and the start of their work. The full evaluation has not been done. I think that is certainly one of the things the minister is taking into account in making her determination, whether we actually have enough information to understand what the impact has been.

With two years of the pilot's running, we have a certain amount of information on the first cohort, if you want to describe it that way, who used the pilots. We certainly don't know the full information on the individuals who just came in during the last number of months who are now collecting EI and are about to run out. We obviously

don't know enough about them. That is one of the things she is taking into account.

It is not my role, as an official, to speculate on future policy. I think the things you take into account are whether or not our recommendations to the minister ensure that the broader integrity of the EI program is maintained, that there is a relationship between the amount of time people work and the amount of time they collect benefits and so on. Those are the kinds of things that we put forward to the minister.

• (0935)

[Translation]

Mr. Jean-Claude D'Amours: Given what you've just said, are you going to recommend that the minister, when referring to employment insurance, no longer refer to seasonal workers but rather to seasonal work?

The briefing session we attended focused on the evaluation of seasonal workers who repeatedly find themselves in the same situation when it comes to employment insurance. And yet, it's the work which is seasonal. Despite this, there seems to be a push for definitions or formulas which would hurt those people who do this seasonal work. Do you intend to recommend to the minister that we talk about seasonal work and not seasonal workers?

[English]

The Chair: Ms. Carroll, just give a very short answer, as Mr. D'Amours' time is up.

Ms. Diane Carroll: One thing I would say is that in the operation of the EI program we do not insure individuals. It actually insures the work. So the EI program actually insures the job. In the design of the EI program, you are actually looking at the nature of work; you're not looking at the actual individuals in those jobs. The fact that you do have variable entrance requirements across the country, where people with as few as 420 hours in high unemployment areas can collect EI for up to 32 weeks and you have to work longer in lower unemployment regions to collect even close to the same amount is very sensitive to the seasonal nature of a lot of the economies of different parts of Canada. By its very nature of having a variable entrance requirement and allowing people with less work to actually collect for longer periods of time in high unemployment regions, it is extremely sensitive to the seasonal nature of a lot of work. That's always been an integral part of the program, and has been for a very substantial period of time.

The Chair: Thank you.

Monsieur Lessard, for seven minutes.

[Translation]

Mr. Yves Lessard: Thank you, Mr. Chair.

First, I'd like to thank you for your presentation, which served as a reminder to us of the way these two programs work.

I was hoping that we would be able to have an exchange on perceptions, opportunities, projects and a concrete contribution from the Employment Insurance Fund designed to help people who lose their job. I understand your answer, and you're right in saying that this is a political issue involving political decisions. I'm sure you'd agree, however, that this is all totally surreal.

Whilst we look for ways of improving employment insurance, this morning, we've heard an essay on the history of the Employment Insurance Fund which reminds us, at the end of the day, that over the past 12 years, every year, the premium rate has dropped. In no way has it been demonstrated to us that every year, the income support eligibility conditions for people who have lost their jobs have become more and more difficult to meet.

In my opinion, the government's main role is to assist these citizens, to regulate the way revenue is distributed and the means at each person's disposal. The Employment Insurance Fund formerly called the Unemployment Insurance Fund—the terminology is important—is insurance for those who lose their jobs.

I'm not blaming you, I understand you must honour the mandate which has been given to you, but in 1994, 88 per cent of people paid into the Employment Insurance Fund and 88% of people were assured they would receive an income should they lose their job. Today, this percentage has fallen to only 39%. How did this occur? Is it solely due to the way the actuary manages the Employment Insurance Fund? I believe that the fund is there for the people.

This is not only a perception, it is a reality borne out by the facts. The UN strongly criticized the way Canada manages its Employment Insurance Fund and notes that only 39% of the unemployed actually get employment insurance. This is not something to be proud of! This morning, we should have got an accurate description of the unemployment situation and increasingly impoverished families.

Mr. Chair, I would have liked to have asked concrete questions on what was said this morning. These are facts that we are quite well aware of. They serve as a good reminder. I appreciate this and I thank you for it, but when we're told that the Employment Insurance Commission is representative of the people who contribute to the fund, it's enough to make you laugh.

Whom do the employers' and employees' representatives and other government representatives appointed by the minister consult, exactly? The real consultation has gone on here over the past two years.

● (0940)

We produced a report containing 28 recommendations which were all brushed aside without any response worthy of the work and thinking behind the testimony of groups which appeared before us here. They took the trouble of coming all this way and they've asked if they'd be doing it all again for nothing. Regrettably, I'm compelled to tell them that that is indeed the case.

Some of those members who were here over the past two years agreed on these 28 recommendations and would have liked further light to be shed on what's at stake for the edification of our new committee members. And that is why you are here this morning.

Does the government and do your superiors intend to implement the 28 recommendations? If they don't intend to implement them all, which do they intend to implement? That is my question to you this morning. If I don't get an answer, I'll take it for granted that we need to vote on the 28 recommendations again, without waiting for the department's opinion.

Thank you, Mr. Chair.

[English]

The Chair: Thank you, Mr. Lessard.

You've got about 30 seconds.

Voices: Oh, oh!

Ms. Diane Carroll: As perhaps Mr. Lessard knows, I cannot answer that last question. Obviously, whether all or any of those recommendations get accepted is in the hands of the government to decide.

I guess I would just make two really quick comments, one on the number of unemployed covered by the unemployment insurance system. The main reason for the drop was not the changes to the employment insurance program; the employment insurance program actually allowed more people in than before. What has actually happened is that the nature of unemployment.... When you think about who the unemployed are, there's a group of unemployed who are working, paying EI premiums, and losing their jobs, with the vast majority of them qualifying.

The other big portion of the unemployed is people who are looking for a job but who have never worked before; they could be young people, they could be new immigrants into Canada, they could be people who have a very marginal attachment. There are also people who are self-employed—and there's a question, obviously, of whether they should be paying premiums, but they do not pay premiums. Increasingly there are people who are now unemployed for two weeks or less, because unemployment in large parts of this country is very marginal. So if you're unemployed for two weeks or less, you are not eligible for EI, because everybody has a two-week waiting period.

So the question is not so much, is the EI program providing benefits to the people who are paying premiums and lose their jobs. The argument in that case is, yes, they very well are doing that.

There is another question that needs to be asked about the other group of unemployed who have no work attachment, or who have never worked before. The EI program is not designed for them; obviously, if you're not working and haven't worked in the last year, or are a new immigrant, you have not paid EI premiums, so you cannot be eligible for a program that is there for people who pay EI premiums. The question then is, do we have other programs to help those people get into the labour market? Do we have programs that enable new immigrants to actually find that first job and get them into a job where they are paying premiums? Do we have programs to help the long-term unemployed?

It's not a question of the EI program no longer being there for people who pay EI premiums.

● (0945)

The Chair: Thank you, Ms. Carroll.

Mr. Godin, for seven minutes.

[Translation]

Mr. Yvon Godin (Acadie—Bathurst, NDP): Thank you, Mr. Chair.

I have to tell you that I honestly didn't intend to ask you any questions because you are not teaching us anything new.

The last answer you gave us, Ms. Carroll, is an insult to Canadians, and to this country's workers! We know that only 32% of women and 38% of men qualify for employment insurance and that the Liberal Party stole \$49 billion from the employment insurance fund to balance its budget and to get rid of the deficit, and that the Conservatives have always made do by saying that the premium rate needed to be reduced. It's gone from \$3 to \$1.92. In the past, a person working 15 hours per week and 150 hours per year could qualify for employment insurance, whereas today, the same person has to work 910 hours before being entitled to employment insurance for the first time.

Ms. Carroll, I have to tell you that the statement you just made is completely false. Don't come and talk to us about immigrants and those two weeks. I'd like to hear what you have to say about what I've just said.

Just think about this. Previously, workers would be eligible for employment insurance by working 15 hours per week, that's 150 hours per year. A worker applying for employment insurance for the first time had to have worked 20 weeks over the year to be eligible, whereas today, it's 26 weeks or 840 hours; it went from 910 hours to 840 hours.

Can you believe how the statistics have changed! How can you make a comment like you just made? How can senior officials briefing the government have such an attitude? As you so clearly stated at the start of your presentation, this money went into the government's consolidated revenue fund. Every time you touch the employment insurance fund, you affect government revenue and that has an impact on the amount of money the government gets. The basic problem is this: it's the little guys that bear the brunt, it's the workers who are being hit upon and it's hurting them.

Ms. Carroll, you're not the one who is going to solve the problem; we need a government that really wants to reform employment insurance and believes that important insurance isn't a tax imposed on its citizens, but rather a payment for which companies are responsible. If they aren't able to have their employees working 12 months out of every year, then the companies should pay for insurance so that employees can support their families. That's what the unemployment insurance program was like when it was set up 50 years ago. The Auditor General made a big mistake in 1986 when he transferred the money into the government's consolidated revenue fund. He gave the government a cash cow for it to use as it saw fit. And now look at the program.

[English]

Ms. Diane Carroll: Mr. Godin, to your point, yes, you're right.

• (0950)

Mr. Yvon Godin: Thank you.

Ms. Diane Carroll: You're not completely right, but you're right on one point.

Mr. Yvon Godin: I am right, and you know that I am right.

Ms. Diane Carroll: Well, I'll explain it and let's see if we both agree.

Yes, prior to EI you had to work at least 15 hours per week to get an insurable week of work. It meant that you had 12 weeks of 15 hours and you could qualify in the highest unemployment regions. But that week-based system actually led to a lot of employers making sure they only employed people for 14 hours. There are actually more part-time workers who qualify for EI now than before.

The individuals who now work for 14 hours, 12 hours, or 10 hours, possibly in two or three jobs, which a lot of people do these days, now have all of their work insured. Before, an individual could actually have three of those kinds of jobs and not have one hour of insurable employment. Those part-time workers are insured.

Yes, it means that somebody who had been working 15 hours for only 12 weeks has to either increase those hours per week or work longer than 12 hours to qualify. The other thing it did was you got a week insured before, so somebody who was working 50 hours a week for only 10 weeks, which can happen in the construction industry, did not qualify for UI. The person who now works 50 hours for only 10 weeks gets 500 hours of work and qualifies for EI. The hours-based system actually created a lot more equity across the system and stopped employers from creating distortions in the system.

[Translation]

Mr. Yvon Godin: How can you say that that created equity when there's a 49-billion-dollar surplus in the employment insurance fund? What do you say when the United Nations states that Canada should not be proud of the way it treats its workers? A global organization said that Canada... What do you answer to that after the statements that you have just made? How can you make such comments when the United Nations is making such statements?

You say that this is more equitable. How was the government able to amass a surplus of \$49 billion, whereas in the past it always had a deficit? The government was in a black hole. Now, it is the workers.

[English]

Ms. Diane Carroll: I certainly cannot speak to the account. Whether or not the program itself is fair and equitable and good policy in terms of assisting the unemployed is one thing. How the government decides to manage the premiums and the benefits... Because it's integrated with the books of Canada, the reality is that if the government decides to increase EI benefits, say, by \$2 billion a year, it does mean that it's a \$2 billion fiscal commitment the government has to recognize. So that is an issue that's outside the domain of HRSD and even the minister of HRSD.

[Translation]

Mr. Yvon Godin: I congratulate you for the student program. It is a good program, except that students are leaving the rural regions in order to go to universities, and then they stay there. The students leaving the rural regions means that we are losing a part of the money that has been injected into those areas.

I believe this is a fundamental error on the part of the government, because this prevents young people from returning to the rural regions and from having the desire to stay there. This is a terrible mistake. I will ask the department to make recommendations in this regard.

I will not be here for the next meeting and I wanted to say something on this subject. It is a very good program, but I think mistakes were made over the last few years when the data was collected. I am sure that you are aware of this.

[English]

The Chair: A quick response, Mr. Smith.

Mr. Robert Smith (Director, Youth Initiatives Programs, Service Canada): You're right that there was a movement of funds from rural to urban Canada. It was based on the fact that the variables, which were the same as before...the new statistics to those variables were taken into account for the 2001 census data.

As the chart in the back of the deck outlines, there has been a considerable shift or demographic change in the youth population in Canada. Newfoundland, for example, lost 17% of its youth population between 1996 and 2001. So the reality is that those new numbers reflect the changing demographics in each constituency.

The Chair: Thank you, Mr. Smith.

Mrs. Yelich, a final round of seven minutes.

Mrs. Lynne Yelich (Blackstrap, CPC): The questions, I feel, that the member was asking should have been answered by Finance perhaps, which brings into question pilot projects. What actually can be expected of them, even in the future? When they're set up, are they meant to be put into place? I wonder about the rate-setting mechanism. Will that set limits to programs and projects, because you're now setting it so it's almost revenue neutral? If it all goes into the big pot, what will that do? I'm just wondering about the rate-setting mechanisms.

I want to ask Finance as well what they thought should be done with the notional EI reserve, because obviously I think that's what the problem is. It no longer seems to be about EI benefits.

I also have a question about the 15 weeks meeting the objectives of providing temporary income support. You responded to a report talking about the 15-week maximum being based on the examination of the private sector in other countries. Would you agree with that assessment and the rationale behind it?

And then I have a question for career placement, particularly about concurrence and members of Parliament having to concur with reports. What practical purpose does this have, and what concerns have been raised with this process? And if there haven't been any, I have some.

I would like to go back, first of all, to the EI sickness benefits. What was the rationale behind your...? Would you agree with the assessment?

And then I have a few questions to ask Finance, just to see where they're at with all that they've just heard.

• (0955)

Ms. Diane Carroll: Maybe I'll start with your first one on the pilot projects. The intent of the pilot projects is very much to do a test. What the pilot project basically allows you to do is to set aside some of the rules within the EI Act to test, in a particular region or with a particular group of clients, a new approach to the program.

You can do that under the legislation. You can have pilot projects in place for up to three years. The purpose is really to assess if this is something you would want to do on an ongoing basis. So it is testing. Does it address the issue? Does it provide additional benefits to the people who need it? At the same time, you need to assess whether it is creating other disincentives to work. Does it lead to people taking longer to find jobs? So it is trying to find the balance.

Mrs. Lynne Yelich: A member of Parliament in the last government said pretty well every pilot project became permanent, and I wonder about that.

Ms. Diane Carroll: I'll turn to Bill to answer that.

Mr. Bill James (Director General, Employment Insurance Policy, Employment Programs Policy and Design Branch, Department of Human Resources and Social Development): There was a pilot project that was not implemented permanently and nationally. It was referred to as the *mères brimées* pilot project. It was implemented in Quebec and dealt with people taking what is called a *retrait préventif*. The results of the pilot showed that it was somewhat effective, but with the implementation of Quebec's own parental insurance plan, the need for that pilot was no longer clear.

Mrs. Lynne Yelich: So that suggests pilot projects are good for finding different solutions, as Quebec did. I think we have to shine some light on what the idea of a pilot project is. Perhaps people don't have an understanding. I'm not sure.

Ms. Diane Carroll: On your point about the rate-setting mechanism and will it tend to limit the potential to increase benefits, when the commission is looking at the rate for the future year, at that point, during that prior year, the minister can signal at any point her intent to make changes and the chief actuary needs to take that into account. So she can provide advice to the chief actuary that says, "I am considering making these kinds of changes. In your assessment of the rate I want you to take into account these kinds of changes." So she would get a sense of what the costs were.

There is a mechanism to make sure that if the government has a plan to make a change in a future year, the chief actuary takes that into account in the upcoming year. Obviously, if a change was made mid-year, the impact on the actual revenues would probably be very small, because if you make a change mid-year, the actual cost is often out further. It doesn't really restrain the government at the time.

• (1000)

Mrs. Lynne Yelich: Because it's going to be almost revenue neutral, in some ways.

Ms. Diane Carroll: Yes, it will be, but all I'm saying is in the prior year, the minister can say, "I want you to set a rate that will enable me to make these kinds of changes that are going to cost \$200 million, so make sure the revenue is there to pay for that change."

Mrs. Lynne Yelich: And the EI sickness benefits—I would like to know your assessment and rationale behind the decision on the availability of sickness benefits in the private sector and other countries. That's what it was based on.

Mr. Bill James: Yes, the current duration is 15 weeks, and that was established quite some time ago, but it probably continues to reflect the short-term sickness coverage provided by most employers. In that respect it is somewhat complementary to some of the other types of longer-term insurance provided by a variety of employers and by private insurance plans. It's one of the things we do monitor closely and report on in terms of the amount of benefit used by people and the number of people who run out.

Mrs. Lynne Yelich: Yes, particularly cancer patients. Many people don't have extended benefits.

I would like to hear from Finance if they have any comments on the rate-setting mechanism. With these consultations, was there anything that should be done with the national EI reserve? Are there any comments on that? When they set up the rate-setting consultations, I just wondered if there were any particular comments.

Mr. Réal Bouchard (General Director, Federal-Provincial Relations and Social Policy Branch, Department of Finance): I have a few comments.

It has been described before. Up to 2006, prior to having the new rate-setting mechanism, in theory the surplus was taken into account in setting the premium rate. But with the new process in place, essentially that past cumulative surplus, which has been alluded to, does not enter into the calculation of the break-even EI premium rate. So the \$48 billion or \$49 billion notional surplus, which is the past accumulation of surpluses and deficits, no longer enters into the calculation of the premium rate. From now on, it's essentially based on program forecasts for the coming year. As Ms. Carroll indicated, if we were to make a change to benefits, there would somehow be an adjustment to the premium rate to reflect the increase in benefits.

The impact of moving in tandem between benefits and premiums, on a forward-looking basis, is that it would have a neutral effect on the government's bottom line, because revenues would go up as benefits go up and the two would be a wash.

There is a distinction to be made—Mr. Godin is gone—between the past and the future. The surplus that Mr. Godin alluded to is a reflection of cumulative surpluses of the past. From now on, we have a new policy in place. That notional surplus is still sitting out there, but it's sort of dormant. The impact it had in the past on the government's bottom line, as Ms. Carroll said earlier, was that it impacted in the year when an annual surplus actually occurred. If there was a \$2 billion surplus, it had an impact on the government's bottom line. But once the year was past, the cumulative number essentially had no meaning. It's an accounting device that simply adds up the pluses and minuses, and so on. It's a bookkeeping entry.

The impact took place annually, depending upon revenues and expenditures in that year. Today, the surplus does not enter into the calculation. It does not have an impact on the government's bottom line. It is sitting dormant in the box, although in theory it could still go up by notional interest being "credited" to the account, at the discretion of the Minister of Finance. It is a plus and minus in the books, and it's a wash as far as the government's bottom line is concerned.

• (1005)

The Chair: Thank you, Mr. Bouchard.

We're into our second round now.

You have five minutes, Mr. Regan.

Hon. Geoff Regan: I will start by following up on that question. Why would you credit interest if it's only a notional account, which you say has no real meaning?

Mr. Réal Bouchard: Last year, when the new premium rate-setting process decision was made to leave the EI account more or less without change, no change was made to the provision in the act that says the interest rate can be credited at the discretion of the Minister of Finance. I'm simply saying that no change was made in the legislation at that time.

Hon. Geoff Regan: Let me ask about the committee report, as it related to proposing changes to benefits for unemployed or eligible workers. There were two recommendations in terms of the hours requirement and the maximum benefit, but there was a broad range.

The question is, how many people would be affected by these proposals in terms of benefits, and what would the cost of these changes be? We've heard the number \$2 billion from Ms. Carroll. She didn't say that was specifically what the cost would be, but she threw that number out. I'm wondering if this is the number, or if there's some other number for the cost of these proposed changes.

Mr. Bill James: I hesitate to speak directly to the issue of the costs of the recommendations, without knowing more precisely which one you—

Hon. Geoff Regan: Okay, let me clarify. I mentioned the creation of a 360-hour uniform qualification requirement, the increase in maximum regular benefits from 45 to 50 weeks, the increase in the benefit rate from 55% to 60% of the average weekly insurable earnings, the adoption of a new rate calculation period, equal to the qualifying period, and a new approach for calculating average weekly insurable earnings based on the best 12 weeks. The last point was greater access to and spending on employment benefits and support measures—I'm going to leave that out because it's rather vague and would be indeterminate.

Mr. Bill James: I can give you a general response on those issues. At that time, I believe the government did table a more specific response to each of their recommendations, but in terms of the cost implications of such changes, they would be quite significant in total. It would be difficult to give a cost estimation without fairly detailed parameters around that.

Hon. Geoff Regan: So do you mean to say that the department did not look at this report and actually state what it would cost to implement these things?

Mr. Bill James: What I'm saying is that for the sum total of the recommendations you're talking about there, it would be difficult right here to provide you with an estimate of what those would be, but it would be in the hundreds of millions of dollars for sure.

Hon. Geoff Regan: The government, in its response last year to the report, indicated that the department would continue to give serious consideration to the recommendations. Arising from the last question, I guess this leaves the question in my mind, which recommendations has the department been considering since then, and what has been the nature of those considerations?

Mr. Bill James: I would take that question as a matter of future policy direction for the government and, in that respect it is probably inappropriate for me to answer. I believe the government did table a response at the time.

Hon. Geoff Regan: Maybe you can get back to us in writing on this, but the government's response said:

The Government will continue to give serious consideration to the Standing Committee's recommendations, while ensuring that any adjustments to the program have a sound policy and evidence-based rationale.

The question, again, is what has the department been doing in terms of giving consideration to these recommendations? If the government said that you would.... It basically sounds like you were directed to consider these things. What has happened inside the department in this regard?

Mr. Bill James: The issues raised in each of the three major recommendations you have raised pertain to the qualification requirements for the program, the duration of benefits available to claimants when they file, and the replacement rate or amount of their wage covered. Those are three things the government does monitor closely and report to Parliament every year.

I would be happy to provide you with a copy of that report. It's a very extensive report, looking in a detailed way at coverage and access to the program. The minister recently tabled it in Parliament, so I would be happy to provide it to the committee.

Hon. Geoff Regan: Perhaps you could also let me know in writing what policy analysis has been done by the department in relation to training. There are issues in the report relating to recommendations for providing training for a variety of purposes. What policy analysis has been done of those proposals, please?

Mr. Bill James: Sure.

• (1010)

The Chair: Thank you, Mr. Regan.

Five minutes, Mr. Lessard.

[*Translation*]

Mr. Yves Lessard: Thank you, Mr. Chairman.

There is something basically unhealthy about the dynamic that has developed around the employment insurance fund. We are told about a theoretical reserve, about theoretical surpluses. The premiums are not theoretical. The cutbacks to employment insurance are not theoretical. But the way in which this is used, and which we are not aware of, is not theoretical because the money is accumulating in the fund.

On December 7, 2005, at the request of the committee, Mr. Malcolm Brown who was then the Assistant Deputy Minister of Human Resources and Skills Development, came to testify. He had done some research following which he appeared before the committee to give us the results of his calculations.

The highest cost, for a coverage rate of 55 to 60%, was \$1.2 billion per year. If the eligibility threshold was set at 360 hours, the cost would be \$390 million and we would reach 90,000 more unemployed. If the criteria of the 12 best weeks was kept, the cost would be \$320 million and we would reach 470,000 unemployed workers. If the maximum went from 45 to 50 weeks, the cost would

be \$11 million. That does not seem like much, and he was then asked why this seemed like so little. He answered that not everyone reached the 45-week level. He told us that they extrapolated according to the experience within the system, which allowed them to assess this hypothetical amount of approximately \$11 million. The maximum insurable amount would then go from \$39,000 to \$41,000, therefore at \$245 million, for a total of \$1.9 billion. At the time this research was being done, the employment insurance fund was generating huge surpluses, year after year. The surplus for 2004 was \$3.3 billion. For 1997, it was \$7 billion. This is not theoretical. The premium rate was quite high, and at that time, the employment insurance eligibility rules had already been radically tightened.

In its 28 recommendations, the committee suggested that these diverted funds be gradually brought back into the fund, the funds that have been referred to as theoretical sums. We were told, and this is quite right, that this money was used at the discretion of the minister. However, these amounts should not be used at the discretion of the minister, but rather at the discretion of those who paid money into the fund.

The reimbursement of this money to the fund, at the rate we have foreseen, that is \$1.5 billion per year, which would in no way compromise Canada's finances, would allow us to meet almost three quarters of these costs, without counting the surplus. Let us see how much of the 12-billion-dollar surplus achieved by the Canadian government this year has once again been taken from the fund, despite the reduction in premiums. That is what I have to say about the answers you have sent us.

I will now give the floor to my colleague, who wanted to ask a question about the Summer Career Placement Program.

• (1015)

[*English*]

The Chair: I'm sorry, Mr. Lessard, but that's actually your full time of five minutes. I'm sorry about that.

We're going to move on to our next witness.

[*Translation*]

Mr. Yves Lessard: That should not count, Mr. Chairman, because I gave an answer.

[*English*]

The Chair: Questions and answers, five minutes.

We're going to move on to our next questioner.

Mr. Lake.

Mr. Mike Lake (Edmonton—Mill Woods—Beaumont, CPC): Thank you, Mr. Chair.

I'm a rookie, so I maybe have some rookie questions. I come from a different area of the country, and I notice that some of the concerns with EI are definitely different across the country, depending on what region you're in.

I'll make a comment in response to something Mr. Godin said earlier. I believe he said that each time you touch the EI fund, you're using government money. I'd just like to clarify that this is not really the case. Obviously, each time you touch the EI fund, it's your own money, other Canadians' money, and other employers' money.

The first question I have is whether there is a limit to the amount of money someone can make in a year and still collect EI.

Mr. Bill James: There are parameters in the EI act that are income sensitive. First of all, in terms of the contribution, the amount of insured employment you are covered for is up to \$39,000. So you pay premiums on only \$39,000 of your income.

In terms of receiving EI, if you become unemployed, there are some provisions in the program that are designed to test need as well. It depends on the circumstance of the individual as to whether those provisions apply. In terms of the ceiling of income at which there is a clawback in the EI benefit payments, I believe that is \$48,000 a year. So if you make more than \$48,000, you could be subject to a clawback. But a clawback does not apply if you are what we call a "first-time claimant". That's someone who hasn't claimed, I believe, in the past five years.

Mr. Mike Lake: Does seasonal work differ from an unexpected loss of work? Is there a different way it's treated in terms of the maximums?

Mr. Bill James: No, it's not. It doesn't vary based on the type of employment you're in.

Mr. Mike Lake: I had a constituent in my office—a worker who was upset about the whole concept of EI—and I just want to clarify the relevance of his concern.

Let's use your number of \$39,000. His concern is that he works very hard, let's say for 50 weeks during the year, to make \$39,000. He used a little bigger number, but I want to use the maximum. His concern was that someone in a seasonal work situation can work, say six months, make \$39,000, and then on top of that collect employment insurance for the other six months. Is that a real situation?

Mr. Bill James: There are probably two aspects to your question to respond to. First is the accumulation of hours for insurability, and Madam Carroll addressed that a little earlier. In 1996, there was a move to an hours-based system, so the contributions are based on the hours of work. If that's in a compressed period, a shorter period worth more hours, then there's no discrimination in the system against working those same amount of hours over a longer period.

• (1020)

Mr. Mike Lake: In this case, then, he was talking about a situation where, for example, he works 40 or more hours for 50 weeks, versus someone who works 40 hours for 26 weeks in another more seasonal type of work.

Mr. Bill James: In terms of qualifying, they accumulate qualification at the same rate. In terms of benefit payouts, however, if someone meets the qualifications for unemployment during, say, that six-month period, they would be eligible for unemployment insurance.

Mr. Mike Lake: So they would both work for \$39,000, but one person would receive employment insurance because they work six

months of the year for their \$39,000 and then get employment insurance on top of that. Is that a reasonable...? Does that happen?

Mr. Bill James: If a person loses their employment after generating enough hours to qualify and they meet the other conditions for applying for EI, yes, they can receive employment insurance during that period.

Mr. Mike Lake: Okay.

Mr. Bill James: There's one additional thing that I should mention. As was alluded to earlier, the benefit entitlements and the qualification rates are dependent on the unemployment rate in the regions, so it tends to be responsive to areas of high unemployment.

Mr. Mike Lake: I have one really quick, final question. Is there a mechanism to use the EI fund to encourage workers to move to places in the country where there is more employment? It's a big issue in Alberta, where we're from.

Mr. Bill James: In terms of current provisions of the Employment Insurance Act, I don't believe there would be a provision that encourages movement of unemployed workers per se. I could look into whether there have been programs in the past. I believe there was a program somewhat before my time a number of years ago, under which certain costs for moving were considered to be eligible.

Mr. Mike Lake: But there's nothing right now.

Mr. Bill James: No.

Mr. Mike Lake: There's nothing that's recently been studied at all.

Mr. Bill James: Not that I'm aware of, but I'll undertake to look into it.

Mr. Mike Lake: Okay. Thank you.

The Chair: Thank you.

In terms of the committee, I'd indicated when we first started that we'd like to get into some of our motions at 10:30, which means not everyone is going to get a chance to ask questions. Before we get close to 10:30, is there anyone else who wanted to ask a question?

If we've got three or four people, it's then going to be up to the committee to continue the questioning, but you need to realize that we're going to cut into the time for dealing with motions. How many individuals want to ask a question?

Ms. Bonsant, Mr. Storseth, and then Mr. Coderre.

[Translation]

Ms. France Bonsant (Compton—Stanstead, BQ): I will finally get some answers to my questions.

On page 9 of your presentation, it says that the budgets for ridings were reduced by more than 30%, which is incorrect. We provided you with the figures last year. Some lost 66%, and I would like that to be corrected.

I have a great deal of difficulty with some officials. You say that the placements within the Summer Career Placement Program should be decided by members of Parliament. Certain sectors of Service Canada do not allow members of Parliament to become involved with the Summer Career Placement Program. You should communicate with all of your people in the field to tell them that the final word or the final signature is up to the member, because if the official is able to decide, this is all for naught.

You have a 97-million-dollar budget for all of Canada. I am alone in my riding and my share is \$1,350,000. As part of our 14 recommendations, we had asked for an increase in the budget. According to my calculations, for 51 members of Parliament alone, the budget would be \$75 million. Do you know if there is a budget increase planned for 2007? This is very important.

We tabled 14 recommendations for 2007. Are you aware of any changes that will be implemented in 2007? Do you agree with the committee's report and when will you sign off on it?

•(1025)

[English]

The Chair: That's one question with three parts. Is that right? Okay.

[Translation]

Ms. France Bonsant: It is a very complex question.

[English]

The Chair: Very quickly.

Mr. Robert Smith: I think there are two main points.

Concerning the budget for 2007, those decisions are made later on in the planning year with regard to the availability of funds. As you know, the minister decided to maintain the budget at \$97.5 million for this fiscal year.

That's an overall increase of the base budget, so those decisions have to be made later on in the year, as the new fiscal year comes up, in order to see if there is the availability of funds to make that decision. So I can't respond positively or negatively to that question.

With regard to the 14 points in the report, as you noticed, there are two that we've highlighted specifically that we're looking at. Our policy colleagues in operations in Service Canada continue to look at how to make the program better, and we are looking at those recommendations.

With regard to your question concerning what I think about some of them, some of them are more problematic than others, in that the terms and conditions of the youth employment strategy are for those aged 15 to 30. So it's not a quick decision with regard to changing that. The fact is that the youth employment strategy is a program designed for those aged 15 to 30. I know some members are concerned about mature students, and so on. I just put that point out. That's just a fact, that the terms and conditions state that.

On the other issue, regarding allocations, one of the recommendations is to get rid of the regional cap and just go straight to federal constituencies. If you look at that just in terms of pure numbers, we multiply the full-time student population times the full-time student unemployment rate. If you look at the last chart in the document, the

annex, if we hadn't multiplied variables but went straight with youth demographics, you would notice that if we got rid of the regional caps, those regions that lost youth potentially could lose money. Newfoundland lost 17%. So if you got rid of that cap and went straight to allocating at the federal constituency level, depending on how the variables work, Newfoundland could potentially lose 17%.

I just throw that out as a cautionary note, because I know the committee at the time was obviously rushing to get the report out. That's just an observation on my part on that report.

The Chair: Mr. Storseth, a quick question, and we'll finish up with Mr. Coderre.

Mr. Brian Storseth (Westlock—St. Paul, CPC): Thank you, Mr. Chair.

I just want to comment quickly on Mr. Lake's comments about the EI report and how the committee's recommendations to include mobility assistance in the employment benefits weren't in it. I think it is something that's very important for the department to consider, especially in light of some of our areas. I know in my riding we very much have labour shortages. It's really starting to impact the economy of our ridings.

The other thing I would ask you, though, is to spend just a couple of minutes explaining to me what the department is doing in regard to maternity and parental benefit coverage for self-employed workers. Is this something that's being considered, in particular for individuals such as farmers?

Mr. Bill James: I'll speak first to the issue of maternity parental benefits provided under the EI program, if that's okay, and I'll then speak to the issue of coverage for people earning their income from farming. These are somewhat different questions.

With respect to maternity parental benefits coverage, the current program does not provide coverage to self-employed persons. That's a common characteristic with respect to all the benefits in the program. It's something we monitor in the context of the program's coverage of the different aspects of the workforce, but with respect to maternity and parental for that population itself, it's not part of the government's current policy.

The additional comment I would offer is that under the provisions of the employment insurance program, a province can implement, if it so chooses, its own maternity and parental program. In one case, in the case of Quebec, the government reached an agreement with Quebec, and it has since implemented a program.

I'm mentioning this just to draw it to your attention that the program implemented by Quebec is the first one that I'm aware of to provide that type of coverage to self-employed persons. They're in the first year of establishing that program, which provides an opportunity for all governments to see how it works.

Generally speaking, the work characteristics of self-employed persons are very different from those of employed persons. That is the general reason why self-employed persons haven't been covered to date under the employment insurance program, which was designed more specifically on employment relationships.

With respect to the coverage of self-employed persons with farm income, generally speaking those persons are not covered under the program for the general reasons I just mentioned. There are specific situations in which people living on farms can be eligible for unemployment insurance in respect of their earnings from an employment situation, but there are quite complex rules around that. I'd be happy to have someone who's better informed than me address it.

• (1030)

The Vice-Chair (Mr. Jean-Claude D'Amours): Thank you, Mr. Storseth.

[Translation]

We will now go to Mr. Coderre.

Hon. Denis Coderre (Bourassa, Lib.): I would like to move quickly, because we have motions to pass.

Mr. Smith, you did not answer my colleague's question regarding the Summer Career Placement Program and the issue of signatures and the role of members. I find that in an accountability context, we are the people in the best position to sign because we best understand what goes on in our ridings.

What has just been said troubles me somewhat.

[English]

Is it true that you have some ridings where the bureaucrats or the officials are saying that they, not the MPs, should decide in the last resort?

[Translation]

Is that true?

[English]

And if yes, where?

Mr. Robert Smith: With regard to the context of your comment, we agree that MPs are connected to their ridings and understand their labour market. That is why MPs are part of that concurrence process.

With regard to the views of some individual officials who believe that MPs should be out, our view is that our directives state that they're in—to concur with our lists, to review the lists we do, and to give input on the lists.

We do have assessment criteria that outline—

Hon. Denis Coderre: No, sorry, I understand exactly how it works; I've been a member of Parliament for ten years. The question is pretty simple—yes or no?

[Translation]

Do the members have the final signature? In my riding of Bourassa, this works extremely well. The officials do a terrific job, but I decide at the end of the day if it is accepted or not.

Are you telling me that the department now wants us to merely be part of the consultation process, or whether we are the ones with the final say on program-related decisions? I am not talking about all programs, only this program in particular.

[English]

Mr. Robert Smith: MPs are asked to concur, not approve. There is a difference.

In the concurrence, we do an assessment, as you know, and we make a list. You've done it for many years. If you for some reason took the assessment and wanted to put everybody at the bottom of the list on the top of the list, to change the principles of the priorities and the assessment, we would then probably have a difference of opinion. But if you somewhat agreed with our assessment and you asked for some changes that didn't change the principles of the list, then we would have a concurrence.

The fact is that if you are asking for the principles of what we've done in assessing the list to be thrown out—

[Translation]

Hon. Denis Coderre: No, that is not at all what I was saying.

[English]

I try to speak in both languages so that I'm clear.

[Translation]

My question is simple. When I sign, I must decide on the number of people who will be hired for each project. For some projects, we know it makes no sense, we say zero, we cross it out and that is the end of it. At the end of the day, this is precisely what you accept, because it is our duty to make these recommendations to you.

Mr. Robert Smith: Yes.

Hon. Denis Coderre: Is that all coming to an end? Are you wanting to eliminate the only program for which members, regardless of their political party, can contribute directly to the situation and quality of life of people in their ridings?

[English]

It's as simple as that.

• (1035)

Mr. Robert Smith: We have no plans to get MPs out of the process. That's a decision that could be made, but the fact is we're not moving towards that. If you sign a list, that's the list that's signed.

Hon. Denis Coderre: That's it.

Mr. Robert Smith: *Point final.*

Hon. Denis Coderre: Thank you.

That was simple.

The Chair: I do want to thank all the witnesses for attending today. Thank you very much for coming out to answer our questions.

We're going to take a quick break, and then we're going to get right back into the motions. We'll give the witnesses time to leave the table, and then we'll get into the motions.

• (1035)

_____ (Pause) _____

• (1040)

The Chair: We have about 20 minutes left.

One of the things we discussed going into the meeting today was that we would deal with some of the motions we have before us. If you look at our orders of the day, we do have about 13 issues on the list.

Perhaps I'll draw your attention to the proposed schedule for the committee for some discussion now. I believe there are somewhere in the neighbourhood of seven or eight motions before us right now. There is a list of the order they have come in, which you should have as well.

To answer Mr. Regan's question, the list of the order in which they came is this list here. What we've tried to do is to match up motions with people who are coming in to speak.

Today we thought we'd address the two motions with regard to EI as well as employability issues. We have suggested that on Thursday, June 1, we will look at the two motions from Mr. Martin on social economy and old age review. Then for next Tuesday we have proposed looking at motions from Mr. Lessard on the pilot project.

I understand, having talked to Mr. Lessard today, that he would like to bump that up. We thought that would make sense since we were going to have the minister in to talk about that, but we will work with the committee and deal with whatever the committee wants to deal with.

You have some proposals there. We do want to make sure that we deal with all the motions over the next couple of weeks. I know there were some questions that our clerk fielded from various members of Parliament and maybe from the whips' offices. So I do want to put that out there right now.

Mr. Lessard, I know that one of the things you're suggesting is to deal with the pilot project sooner rather than later.

The question for the committee is how we want to proceed from here.

Yes, Mr. Regan?

Hon. Geoff Regan: Mr. Chairman, I would hope we could deal with the motions that had been proposed for today relatively quickly, although I do have some questions about the motions regarding operational budget and travel. I'm just looking for explanations in relation to those, and why there are different ones.

But I don't see why we shouldn't deal with the pilot project proposal today as well. Hopefully we can do that fairly quickly—get through today's issues. I also think, where possible, rather than necessarily sticking to this proposal, if we are in fact moving more quickly in that last half hour provided for these things that we should do so. Eventually we should move them up.

The Chair: The suggestion is to deal with the two motions that we've suggested here. The second thing is to probably add the pilot project. Then we also want to deal with the travel budgets as well.

Are there any other comments?

Mr. Lessard, did you have a comment?

[*Translation*]

Mr. Yves Lessard: Mr. Chairman, with your permission, I would like to make a comment. First of all, I would like to thank you for

agreeing to deal with this issue immediately. I would also like to thank my colleagues.

The reason why we must make this a priority is that there is a kind of inevitability in terms of time: this is a pilot project that is coming to an end on June 4, that is to say on Sunday. As we are not meeting on Sunday, we will not be able to do anything. Moreover, I think that the department also needs a little time. The minister has placed herself in an urgent situation. In any case, the problem must be dealt with. As of Sunday, there are people who will no longer have any income until they are called back to work. That is why it is urgent and necessary to present the committee's motion to the House this week.

[*English*]

The Chair: Okay, Mr. Lessard.

Now we'll have Mr. D'Amours, followed by Ms. Yelich.

[*Translation*]

Mr. Jean-Claude D'Amours: Thank you, Mr. Chairman.

First of all, I completely agree with Mr. Lessard's comments. I like his motion. But I would like to move an amendment to the motion concerning an important point. I hope that you will all agree.

The motion states: “[...] that the Committee recommend to the government that it immediately renew the project in all regions, [...]”. It is a good idea to renew the pilot project, but we must specify the duration. I therefore move that we add the words “as long as there is no permanent solution implemented by the government”. The motion would then read as follows:

Given the urgency resulting from the approaching end of the Pilot Project on Increased Weeks of Employment Insurance Benefits (Pilot Project No. 6), that the Committee recommend to the government that it immediately renew the project in all regions currently included in the project as long as there is no permanent solution implemented by the government and that the Chair of the Committee report this motion to the House.

Mr. Yves Lessard: Mr. Chairman, I have no objection to those terms being integrated into my motion.

[*English*]

The Chair: Okay.

Ms. Yelich.

Mrs. Lynne Yelich: I still would like to go back. She is doing a review; it is a private project. I think we should wait until the minister comes before us. I think it's incumbent upon us. If she's making her decision, I think we should be hearing directly from her about it. I don't think we should impose any more on this issue. I think we should try to get an answer or have her appear when she is scheduled. That's the time to do all these little extras, like what to do with the program.

The Chair: What I have heard proposed is that we deal with the two motions we were going to deal with today originally, as proposed on the schedule. Mr. Lessard would like to deal with the motion on pilot project number six, and now we have an amendment to that as well. Then, of course, we would like to deal with the travel. Is this the order the committee would like to proceed in then?

Some hon. members: Agreed.

The Chair: Okay.

Why don't we deal with the two motions that were proposed for today. We have the notice of motion from Ms. Bonsant saying:

That the Tenth Report (Summer Career Placement Program) of the Standing Committee on Human Resources, Skills Development, Social Development and the Status of Persons with Disabilities in the first session of the 38th Parliament be adopted again as a report of this Committee and that the Chair do present it to the House. AND That, pursuant to Standing Order 109, the Committee request a global response from the Government.

Is there any additional discussion on this particular issue?

All right? Okay.

(Motion agreed to)

•(1045)

The Chair: We'll move to the second motion by Mr. Lessard. The motion reads:

That the Third Report (Study on Employment Insurance Funds) of the Standing Committee on Human Resources, Skills Development, Social Development and the Status of Persons with Disabilities in the first session of the 38th Parliament be adopted again as a report of this Committee and that the Chair do present it to the House. AND That, pursuant to Standing Order 109, the Committee request a global response from the Government.

We have seen a change in the rate mechanism, which will probably change some of the numbers that will come out as we move forward. Therefore, is this something we want to do, realizing that there will probably be some differences in terms of what the outcomes will be as a result of the rate mechanism that was changed last year?

Mr. Regan, do you have any comments?

Hon. Geoff Regan: Mr. Chairman, it seems to me the government can account for that in its response.

The Chair: Okay.

Are there any other comments?

Mrs. Lynne Yelich: I feel too that there has been a response previously tabled and I agree we have now some mechanism set up. I will not be supporting the motion.

The Chair: Is there any other discussion, then, on this motion?

All right.

(Motion agreed to)

The Chair: Yes, Mr. Lessard.

[Translation]

Mr. Yves Lessard: Mr. Chairman, is the vote on the first motion unanimous?

A voice: Yes.

Mr. Yves Lessard: All right, thank you.

[English]

The Chair: That's correct, yes.

We'll go to the motion Mr. Lessard wants to move up to today, because we're just humming along here:

Given the urgency resulting from the approaching end of the Pilot Project on Increased Weeks of Employment Insurance Benefits (pilot project number 6) suspension, that the committee recommend to the government that it immediately

renew the project in all regions currently included in the project and that the chair of the committee report this motion to the House.

We have since had an amendment. Just give us a second; we'll give you the amendment.

Okay. What I have here for the amendment is.... We can work on this, because I believe we also have another amendment, from Ms. Yelich. The amendment put forward by—Mr. D'Amours, was it you who put it out? It would read "as long as there's not a permanent measure implemented by the government". Is that correct?

I now have Ms. Yelich.

Mr. Mike Lake: Just as a quick wording question, why is the word "suspension" in there? It seems redundant to the approaching end.

The Chair: Well, given the urgency resulting from the approaching end of the suspension—

Mr. Mike Lake: Okay.

The Chair: Maybe it's just the translation.

Ms. Yelich has an amendment.

Mrs. Lynne Yelich: I would like to—

The Chair: Hold on a second, Ms. Yelich.

The first thing we need to do, unless there's any further discussion on this amendment, is have a vote on this amendment before Ms. Yelich puts her amendment forward.

Is there any further discussion on this amendment?

(Amendment agreed to)

•(1050)

The Chair: Ms. Yelich, do you have an amendment?

Mrs. Lynne Yelich: I would like to take out the word "immediately" and include, after the word "project", the following: "if after completion of the current review of the program's effectiveness it is deemed to be in the best interests of seasonal gapper workers while providing value for money".

This project is going to be examined and evaluated, and it's being done in the best interest of the employees. I think it is important and incumbent upon us to do what's best for the employees as well as provide the best value for money, so I just want that inserted.

The Chair: Mr. Lessard.

[Translation]

Mr. Yves Lessard: Mr. Chairman, I clearly understand that my colleague wishes to amend the motion by deleting the word "immediately". That is very clever of her, because that deprives the motion of any meaning. The minister had indeed proposed that we wait for the studies to be completed, etc.

I am surprised that my colleagues do not have the results of an assessment of this project in hand. Mr. Chairman, this is one of the most successful pilot projects, the most efficient one. We reached 92% of the target clientele and a satisfaction rate of 76%. In my opinion, this was probably the best performance of any pilot project among all of those that were set up.

If the project were coming to an end in September or October, I would perhaps consider the amendment. However, under the circumstances, I feel that the amendment, as clever as it may be, is null and void given the urgency of the situation and our obligations towards the unemployed, particularly in the regions affected by what we call the black hole.

[English]

The Chair: Mr. Coderre.

[Translation]

Hon. Denis Coderre: Mr. Chairman, I don't think we should have an argument about semantics on the backs of the workers and those who will be without any income as of Sunday. I ask you to call the vote.

[English]

Mrs. Lynne Yelich: I'll take out the word "immediately".

The Chair: Or leave it in.

Mrs. Lynne Yelich: Yes, I meant I would put the word "immediately" in.

The Chair: I have just been informed by the clerk that if you would like to amend the amendment, you'll need unanimous consent from the committee.

Mrs. Lynne Yelich: I seek unanimous consent to include the word "immediately" before "renew the project in all regions".

The Chair: You will seek unanimous consent to strike the word "immediately" from the amendment?

Mrs. Lynne Yelich: To put it in.

Mr. Mike Lake: To reinsert it, because it has already been struck.

The Chair: Thank you.

[Translation]

Mr. Yves Lessard: If she simply withdraws her amendment, we would all agree.

[English]

Mrs. Lynne Yelich: I think it's prudent and responsible.

• (1055)

Hon. Denis Coderre: On a point of order, I asked the question, so I think we should vote, and then we can see about other processes. But I think it was pretty clear.

The Chair: Okay. It's at the will of the committee. So the question is, if the committee wants to discuss it more, they can still do it. That's where we're at.

If the question is to reinsert the word "immediately", let's vote on that. If that's not the issue, we'll come back to vote on what we have before us in terms of Mr. Coderre. How does that sound?

Ms. Yelich wants to seek unanimous consent. Do we have unanimous consent for her motion?

No, we do not. Okay, so that kills that one.

The Chair: Let's go back to the amendment that's before us. Are there any more comments on this? Is this something we are ready to vote on?

All in favour of the amendment to the original motion.

(Amendment agreed to)

The Chair: Now we're moving back to the main motion as it was amended. Is there any more discussion on that?

(Motion agreed to)

The Chair: We have five minutes left. One last thing we want to deal with is the issue of—

[Translation]

Hon. Denis Coderre: I would like some clarification.

[English]

If the votes are all "in favour" and "abstention", does it mean that it's unanimous because all the people who voted, voted in favour?

The Chair: I would say not, but thanks for trying.

Very quickly, we'd like you to look at the budget. What you have in front of you are proposed budgets that were sent to your offices last Thursday. You have an operational budget of \$39,400. This is essentially to cover any witnesses' expenses. You have a travel budget of \$104,890 for the east, which would be St. John's, Halifax, Montreal, and Toronto. You have a travel budget of \$86,000 for the west, which includes Vancouver, Calgary, and Saskatoon. This travel budget could be a little bit less if MPs were to use their travel points and if the logistics officer were to buy the tickets and reserve them. Certainly, if we're going to be doing any travelling, I'd encourage members to use their points.

The proposal is to have a total of six meetings in Ottawa with panels of three to five witnesses per 90-minute session, for a possible total of 35 witnesses. Then on the road, at a pace of a city per day—except Toronto, where we should stay two days—the proposal is for four 90-minute panels per day of three to five witnesses, for a possible total of 200 witnesses. The suggestion here is that the main part of the travelling will have to be done during the break weeks in October for St. John's, Halifax, and Toronto—unless, of course, we can see our way clear of the whips' deciding on travelling during sitting weeks. Then we could likely look at the west for Friday, October 20 through to November 13 to 15.

What we're suggesting is that we look at travelling during break weeks to deal with this issue of foreign credentials and skills mobility, pending that we could get any cooperation from the whips' offices to do it otherwise.

What we're dealing with today is to get approval for the budgets so that we can move forward. We haven't decided on and booked the travel and all of these things. This is really to get this information before the liaison committee so that it can be approved. Should we be able to work on logistics for the travel coming up, it would already be approved.

Are there any questions?

Yes, Ms. Bonsant, and then Mr. Martin.

[*Translation*]

Ms. France Bonsant: I am wondering why we need so much money. Last year, we settled the Summer Career Placement Program by teleconference. That is far less costly than travelling, etc. Given that we have a minority government, it would be better not to spend too much for travel and settle the problem by teleconference. In any case, I will not support this.

[*English*]

The Chair: Okay.

Mr. Martin.

Mr. Tony Martin (Sault Ste. Marie, NDP): I have no difficulty travelling and getting out to hear from people across the country on these issues, particularly given the differing nature of our country, seasonal employment, big cities and immigration, and all that kind of thing. I think we need to get a clear sense of what the issues and challenges are. Going out there and talking to people is not a problem for me. I think we should do it.

As some of you know because I've spoken to you, I'm very interested in getting a study going on the social transfer. I'm going to be coming forward with a motion as soon as I sense that I have some consensus on that.

I was hoping that it would happen in the fall, but you've now taken up all of the fall with the employability study. When I earlier agreed to the employability study, I thought we were going to get it done this spring and maybe into early summer. We were going to get it done this spring, because it was of an urgent nature, in my view.

There's a lot of shifting going on out there, where skill requirements are concerned, with the issue of foreign-trained workers, etc. It's been dragging on for a number of years now, and it needs to be addressed. We need to make recommendations. The government needs to move on this. We can't study it forever.

I thought the employability study was a study that we would get done in the spring, and we will be looking at the possibility of another study of the social transfer in the fall and winter of next year. What is the thinking on that?

• (1100)

The Chair: Thank you, Mr. Martin.

As a matter of fact, part of the fall and the winter would still be available. That is the intent.

We need to decide on whether the budgets are acceptable. It does not preclude the fact that we still need to sit down here and figure out what those would look like.

Maybe we'll decide that we're only going to go one way in part of the country because of time constraints. Part of it was to get this before the liaison committee to get approval for travel.

There is still an opportunity to look at the social transfer in the fall.

Hon. Denis Coderre: I propose both motions. If people are against that, they can vote against it, and that's it. Let's vote.

The Chair: Okay.

I'm sorry, Monsieur Lessard, we've got to wrap it up. We have another group that's using this room.

Yes, Monsieur Lessard.

[*Translation*]

Mr. Yves Lessard: I will be very brief, Mr. Chairman. Perhaps there is something I missed during the last meeting. I thought that we had set aside the issue of travel, precisely because of being in a minority government context. We thought that there would probably be little time to accomplish all of our work and that, if there were to be any consultations, we would do them electronically.

[*English*]

The Chair: I guess the point is that if we're not ready to vote on this, we can defer it to the next meeting. Getting approval for the budget certainly does not preclude the fact that we may change direction.

If the committee is ready, we'll call the vote on the proposal before us in terms of the budgets.

(Motion agreed to)

Mrs. Lynne Yelich: I think it's important to travel, because you've got to go to Alberta to see Alberta.

The Chair: I hear you.

I call the meeting to a close.

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