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**Standing Committee on Human Resources, Skills
and Social Development and the Status of
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Chair

Mr. Dean Allison

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•(1115)

[English]

The Chair (Mr. Dean Allison (Niagara West—Glanbrook, CPC)): I'd like to call this meeting to order, pursuant to Standing Order 108(2), for a briefing on budgetary measures.

I want to start by thanking the department. I realize there are times when we don't give anybody time to respond. We let you know about it Tuesday, probably late in the day, and here you are on Thursday. Thank you once again for jumping through hoops to get here to talk to us today.

We are going to be hearing from the Canada Mortgage and Housing Corporation. We have Karen Kinsley, who is the president. We're going to hear from you in a moment. Thank you.

Then I believe we are going to hear from Paul Thompson, associate assistant deputy minister for skills and employment branch of HRSDC. The rest are here to answer questions if need be.

Once again, we want to thank you for being here and taking the time to get ready for us today.

Each of you has a brief presentation. We'll hear those, and then we'll start our typical rounds of questioning.

Mr. Savage.

Mr. Michael Savage (Dartmouth—Cole Harbour, Lib.): I'm delighted to have the officials here. I agree with you that we sometimes don't give them notice.

Is it normal that we would have speaking notes from the officials? We don't have as much time as I would like to ask questions. They are really here as a continuation of the appearance of the minister, who did give us introductory comments.

I wonder if we could go directly to questions.

The Chair: In fairness to them for taking time out of their day, I believe their comments are under five minutes each, so I don't think that will take up too much time.

I'll stop talking and let you guys start talking. Who wants to start?

Paul.

Mr. Paul Thompson (Associate Assistant Deputy Minister, Skills and Employment Branch, Department of Human Resources and Skills Development): Thank you, Mr. Chair and

members of the human resources standing committee. I'm pleased to have this opportunity to appear before you today.

As noted, my name is Paul Thompson. I'm the associate assistant deputy minister for the skills and employment branch, Department of Human Resources and Skills Development.

Before I begin, I'd like to introduce the colleagues with me at the table who will be able to speak to various aspects of Budget 2009 and the budget implementation act.

David MacDonald is the assistant deputy minister for the learning branch at HRSDC. He'll be able to respond to questions pertaining to the Canada student loan program.

Scott Streiner is ADM of the labour program. He'll be able to speak to the wage earner protection program measure that was in Budget 2009.

[Translation]

Beside me is Liliane Binette, Assistant Deputy Minister for the HRSDC Quebec region. She'll be able to answer your questions on Service Canada's role concerning the implementation of measures contained in the budget and on service delivery in general.

While my colleagues will be able to speak to a broader range of issues, I will limit my introductory comments to the Canada Skills and Transition Strategy; the principles that will guide the implementation of these commitments; and how we plan to move forward.

[English]

While I'm not in a position to comment on the policy decisions around these measures, I will do my best to provide information, as will my colleagues, on the nature of these measures and the current plans for implementation.

As you heard from Minister Finley, Budget 2009 outlines an agenda to address the impacts of the current economic downturn. The government's economic action plan announced that Canada's skills and transition strategy would target those workers who are affected by the downturn. More specifically, the strategy provides \$8.3 billion in various initiatives to help Canadians, which is designed to address the short-term challenges but also provide them with the necessary training to equip workers for the longer term.

The strategy aims to assist Canadians through a three-theme approach, and I can speak to each of these briefly: strengthening benefits for Canadian workers, enhancing the availability of training, and keeping employment insurance rates frozen.

The first section, on strengthening benefits for Canadian workers, focuses primarily on enhancements to the employment insurance program to help workers and their families. The key measures include an extension of the EI benefits to provide nationally the benefits that are currently available through the extended benefits pilot in highest unemployment regions in the country. This measure will also increase the maximum benefit duration from 45 weeks to 50 weeks. The estimated cost of this measure is \$1.15 billion over two years. It will be implemented through the budget implementation act.

[*Translation*]

The following measure extends EI benefits for long-tenured workers participating in training. This measure will be implemented as a pilot project in collaboration with provinces and territories and provide eligible workers with a maximum of 104 weeks of EI benefits while they pursue longer term training, including up to 12 weeks to support job search. There's also a related measure which will allow earlier access to EI benefits for laid-off workers who choose to invest all or part of the separation payments in their own training. The estimated cost of these measures is \$500 million over 2 years.

• (1120)

[*English*]

The anticipated impact of this measure is 40,000 individuals.

The next measure is that of extending the duration of work-sharing agreements by 14 weeks, to a maximum of 52 weeks, and allowing a greater access to work-sharing agreements through flexibility in the qualifying criteria. This is intended to avert layoffs and allow workers to continue working while companies experience a temporary slowdown. The estimated cost of this measure is \$200 million over two years.

The next measure is the expansion of the wage earner protection program to cover unpaid severance and termination pay for up to a maximum of four weeks of maximum insurable earnings, as defined in the Employment Insurance Act. These elements are in addition to existing measures in the wage earner protection program that cover unpaid wages and vacation leave of workers from companies that have gone bankrupt or have entered into receivership. The estimated cost is \$50 million over two years. My colleague Scott Streiner is here to speak further on this measure, if required.

Lastly in this section, I'll just note the intention to create an expert panel to consult Canadians on how best to provide maternity and parental benefits for the self-employed.

The next thematic area in the budget is that of enhancing the availability of training for Canadian workers through a variety of measures. First is increased funding of \$1 billion over two years through the employment insurance program for training delivered by provinces and territories through labour market development agreements. This measure will be relatively straightforward to implement, since funding will flow through existing agreements with

provinces and territories, under which they will receive funding to deliver and develop training programs. The estimated impact of this measure is approximately 100,000 individuals over two years.

The other measure in this category is the creation of a new strategic training and transition fund to support the needs of individuals affected by the downturn. This measure is designed to be flexible to meet diverse circumstances across regions, and can be used for clients whether or not they are eligible for employment insurance. This fund will be administered through labour market agreements, which include provisions for public reporting and accountability. The estimated cost is \$500 million over two years. The anticipated impact is roughly 50,000 claimants.

Another measure in this area is enhancements to the existing Canada summer jobs program to enable more job opportunities in the not-for-profit sector. The estimated cost is \$20 million over two years.

There is a one-time grant to the YM-YWCA to support youth internships for not-for-profit and community services. The amount dedicated to this is \$15 million.

As well, there are additional investments in the targeted initiative for older workers. This includes an expansion of the initiative to include more vulnerable cities with populations of less than 250,000. The estimated cost for this measure is \$60 million over three years.

The next one is the apprenticeship completion grant. We'll be offering \$2,000 to apprentices who successfully complete their training in any red seal trade. This completion grant complements the existing apprenticeship incentive grant, which is valued at \$1,000. This is a measure that will cost \$40 million per year, with 20,000 apprentices per year being eligible.

The next measure involves plans to develop a national foreign qualification recognition framework in partnership with provinces and territories to support the recognition of credentials for new Canadians. The estimated cost of this measure is \$50 million.

Next is a combination of two measures to support aboriginal skills development and training. The first measure is additional investments in the existing aboriginal skills and employment partnership program to foster partnerships among aboriginal organizations, employers, provincial and territorial governments. This investment is \$100 million over three years. The estimated impact is roughly 6,000 jobs for aboriginal Canadians. The second measure in terms of aboriginal training is a new aboriginal skills and training strategic investment fund that will focus on training for specific jobs and set the stage for a new aboriginal labour market program. This fund will have a cost of \$75 million over two years, and will have an estimated impact of 6,000 jobs for aboriginal Canadians. Both of these measures will target first nations, Métis, and Inuit people.

Lastly, the third theme is on keeping employment insurance rates frozen. The premium rate will be maintained at \$1.73 per \$100 of insurable earnings for 2009 and for 2010. The 2009 rate was set in November. The 2010 rate will be established in the budget implementation act. The Canada Employment Insurance Financing Board will be setting premiums on a break-even basis beginning in 2011.

• (1125)

In order to deliver on these commitments, we are guided by a number of key principles, the first of which is timeliness. A majority of these measures are temporary, but we are building on existing mechanisms to expedite the implementation and get the money flowing quickly.

The next principle is ensuring that they're targeted to those workers most affected by the economic downturn, such as people who have worked in an industry for a long time and may need skills upgrading or require transition to new employment, or lower-skilled workers with limited labour force attachment.

[*Translation*]

As far as the temporary implementation is concerned, the majority of budget 2009 commitments are time-limited and build on existing initiatives, both federal and provincial/territorial. Provinces and territories designed and deliver many labour market programs, and we will work with them to ensure that the investments flow to Canadians quickly.

And finally, on the matter of smart risk management, we fully recognize the importance of effective reporting and accountability. This will involve regular on going monitoring of progress and outcomes. We will align our program reporting with the government-wide reporting plans.

There are a number of measures I have mentioned that still require the appropriate authorities, legislative, regulatory, or internal approvals. We plan to move swiftly with the implementation and have them in place at various points in the spring.

[*English*]

In conclusion, I hope this outline of the key elements of the Canada skills and transition strategy gives you an overview of the measures that we will implement to provide support to workers during the economic downturn.

At this time, I will turn things over to Karen Kinsley, president of the Canada Mortgage and Housing Corporation, who will provide you with an overview of the housing initiatives in the budget implementation act.

The Chair: Thank you, Mr. Thompson.

Now we'll move to Ms. Kinsley.

Ms. Karen Kinsley (President, Canada Mortgage and Housing Corporation): Thank you, Mr. Chair and members of the committee.

I am pleased to appear before the committee to talk about the role of Canada Mortgage and Housing in support of Canada's economic action plan.

To begin, I will introduce my colleague, Doug Stewart, who is the vice-president of policy and planning for CMHC.

In Canada, the housing needs of 80% of Canadians are met through the marketplace. For those Canadians who need some help to find housing they can afford, the Government of Canada, through CMHC, provides \$1.7 billion each year in support of some 630,000 existing social housing households.

In September of 2008, the government committed more than \$1.9 billion over five years to improve and build new affordable housing and to help the homeless. Building on this, Canada's economic action plan will invest a further \$2 billion over two years to build new social housing and repair and energy-retrofit existing social housing.

[*Translation*]

These investments will improve the quality of life for low-income households, Aboriginal Canadians, seniors, persons with disabilities and people living in the North.

[*English*]

The measures announced in Canada's economic action plan include a one-time investment of \$1 billion to renovate existing older social housing projects and upgrade them to meet modern energy efficiency and accessibility standards. Provinces and territories will be requested to cost-share this funding on a fifty-fifty basis.

[*Translation*]

Because safe and affordable housing is also critical for seniors and persons with disabilities, \$475 million is being invested for new social housing for low-income seniors and people with disabilities. This will assist Canadians on fixed incomes to live with independence and dignity, and remain in their communities close to family and friends. It will also provide persons with disabilities with housing that is accessible and meets their needs.

[*English*]

Canada's economic action plan also provides \$600 million to build new social housing and to repair and modernize existing social housing in first nation communities and in Canada's far north. This funding includes \$400 million for housing on reserve and \$200 million for the three territories. The Yukon and the Northwest Territories will receive \$50 million each, while the remaining \$100 million will be allocated to Nunavut, where the need for social housing is greatest.

CMHC and Indian and Northern Affairs Canada will work with first nations to move forward on these important initiatives. Funding will be delivered through existing delivery mechanisms to ensure a quick start to construction and renovation work.

We know that housing builds strong communities, and these communities need strong infrastructure to survive. Canada's economic action plan provides up to \$2 billion in direct low-cost loans to municipalities over two years through CMHC for housing-related infrastructure projects in towns and cities across the country.

•(1130)

[Translation]

There will be a focus on funding projects that are shovel-ready, as this is a targeted, short-term, temporary measure intended to create jobs quickly. The types of eligible projects include sewers, water lines and neighbourhood regeneration projects.

[English]

Canada's action plan also includes measures that support home ownership and the housing sector. Through the insured mortgage purchase program, CMHC will take further steps to ensure there is stable long-term funding to lenders, allowing them to continue lending to Canadian consumers and businesses.

Merci, monsieur le président.

I would welcome your questions.

The Chair: Thank you, Ms. Kinsley.

We are going to move to the first round of seven minutes each. We'll start with the Liberal Party.

Ms. Minna, go ahead, please, for seven minutes.

Hon. Maria Minna (Beaches—East York, Lib.): I want to focus on the whole issue of pay equity. Mr. Streiner may be more equipped to give us some information and some clarification on that.

Basically, there are three major restrictions in the new bill. Despite the comments from the government that it mirrors the Ontario system, it actually does anything but.

The first restriction is that it will limit the number of female-predominant groups that can claim pay equity to 70%, which means if the predominance of women working in a certain section is under 70%, then they're cut out. The current number is 55%. This, by the way, applies only to government employees and not to the crown. They are not being affected at all and are excluded altogether.

It defines the criteria used to evaluate whether women's work is of equal value by introducing the market forces. I don't see what market forces have to do with comparing equal pay for work of equal value. It will limit the comparisons of family within, but that's another piece. Then it goes on to say that the pay equity will be negotiated along with the issues raised during the collective bargaining.

In this legislation there is no obligation on the employer to actually do pay equity assessments. There is no obligation on the employer to share relevant information with the union. There is no obligation for a remedy for equity gaps. This is not proactive pay equity legislation. There is nothing that forces them to do anything.

Also, it removes proactive employment equity from the human rights framework. Workers in the public service can no longer file complaints to the CHRC. Individual workers can file a complaint with the labour relations board, but that doesn't have any real expertise in this area. Essentially the complaints are left to an individual. If a union tries to help, they charge \$50,000.

All of these provisions make matters so much worse than they really are. They do not help in any way.

I would like to know on what basis these changes were made. On what basis do we claim that this is the Ontario model when there's absolutely nothing here that resembles the Ontario model? What was the rationale in going from 55% to 70% in the labour market, and all of the things I've said?

It really is very detrimental to women. It actually makes it worse than the current system. Is there anyone who can give me an understanding of why we're going in this direction and why it's better?

•(1135)

Mr. Scott Streiner (Assistant Deputy Minister, Labour Program, Human Resources and Skills Development Canada): I'm afraid that because the changes you've noted to the pay equity regime apply to the public sector, those are questions that are more appropriately directed to the President of the Treasury Board and his officials. The Minister of Labour has a mandate for pay equity with respect to private sector employers, but those employers are unaffected by the changes in the budget.

Hon. Maria Minna: I see.

Mr. Chair, with the consensus of this committee, we really need to bring the Treasury Board representatives here to go through these things, because the changes that are being made are major. They do not in any way improve women's conditions in pay equity and accessibility to pay equity. In fact, they make that worse.

We hear in the House all the time about how we have 25 years of waiting because of the litigious situation under human rights. Unfortunately, the system being proposed does nothing to improve that and in fact makes it worse. It excludes people, it excludes the crown corporation employees, and it's only limited to one.

If there is no one here who can actually give me an answer or at least an explanation, I would ask through you, Mr. Chair, that we ask the Treasury Board representatives to come to this committee. This is a major issue that needs to be addressed. We need to get some clarification on it.

The Chair: Okay. What I'll suggest is that maybe under new business at some point, if you want to bring forward a motion to have it discussed by the committee as a whole, we can look at it. Is that okay?

Hon. Maria Minna: Okay. I can't bring the motion now, as I don't want to interrupt the hearings, but I'll leave it to my colleagues. Maybe at the end of the meeting they would put the motion so that we in fact do have the Treasury Board president or his representatives come to the next meeting. It is really critical that we deal with this issue. It is affecting women tremendously. It is a major demarcation from what we have and it is not improving the situation.

The Chair: Okay. We'll look at that under new business.

You still have a minute left.

Hon. Maria Minna: Thank you. I'd like to share it with my colleague.

Mr. Michael Savage: One minute? Thank you, Chair. You are most generous.

Perhaps, then, I'll ask my first question and come back. I want to talk about employment insurance. I want to ask how much research was done.

How much can you share with us on employment insurance as stimulus, on adding five weeks at the end versus eliminating the waiting period or increasing access? Can you share with us some information that indicates why that five weeks is justified over some other ways to improve employment insurance?

Mr. Paul Thompson: I'm not in a position to comment on the policy choices that were made between different measures, but I would indicate that, as noted in my remarks, the estimated cost associated with the extension of the five weeks is \$1.15 billion over two years. That would be the amount of stimulus, if you will, that would be associated with that.

Mr. Michael Savage: Thank you. I don't want an opinion. I understand you.

Was that the bell?

The Chair: Yes.

Mr. Michael Savage: I'll come back to this.

The Chair: We will come back to you.

Mr. Lessard, sir, you have seven minutes.

[*Translation*]

Mr. Yves Lessard (Chambly—Borduas, BQ): Thank you, Mr. Chair.

I'd also like to thank the departmental staff for being here this morning to answer our questions.

The budget and figures are really your specialty. What budget envelope was set aside for TIOW for the past two years?

Mr. Paul Thompson: I think that you're referring to the initiative for the workers.

Mr. Yves Lessard: Yes, I'm referring to the Targeted Initiative for older workers that goes by the acronym TIOW.

Mr. Paul Thompson: The budget contains a funding increase for the Targeted Initiative for older workers.

Mr. Yves Lessard: How much was allocated from the budget for the past two years?

Mr. Paul Thompson: The current annual funding is \$50 million. It used to be \$30 million, but with the new investment, it's \$50 million per year.

• (1140)

Mr. Yves Lessard: So funding was increased by \$20 million. Previously, there was \$30 million per year.

Mr. Paul Thompson: Yes, that is right, \$30 million annually.

Mr. Yves Lessard: Was the \$30 million envelope used up completely?

Mr. Paul Thompson: I would have to ask the financial director in order to get a sense of what level of spending occurred.

Mr. Yves Lessard: I would like you to get an answer on that.

How much money was spent on training as part of the Targeted Initiative for Older Workers? How many projects were instituted and in which locations? How many workers took part in this? What happened to those individuals who were not able to take part?

Mr. Paul Thompson: The initiative was comprised of 90 projects, and the annual budget was \$30 million. As I said, I will be able to get back to you with the current level of spending.

Mr. Yves Lessard: I would like you to provide all these details in writing, please. I am interested in the amount of money spent, the number of projects that were put in place and their nature, the number of people who were turned away, and the number of workers who took part in the program.

Mr. Paul Thompson: The program was run according to each province's recommendations. The province's proposals were submitted.

Mr. Yves Lessard: We're on the same page, but what I want is factual data. I understand that the provinces are subject to strict federally set rules. The fact that all provinces comply with these rules lead to outcomes, and I want to know what those outcomes were.

Mr. Paul Thompson: We will forward that information on to the committee.

Mr. Yves Lessard: Good, that is very kind of you.

Now that the budget is being passed, the office has received or will receive instructions to not cover the deficit resulting from additional budgetary expenditures totalling \$2.9 billion. Are we to understand that this deficit would be covered by the consolidated revenue fund?

Mr. Paul Thompson: As indicated in the budget, the government has undertaken to invest \$2.9 billion. The costs are due to additional employment insurance investments.

Mr. Yves Lessard: Where is the money coming from?

Mr. Paul Thompson: The money is coming from the government's general revenue.

Mr. Yves Lessard: Were you the one that recommended a freeze of employment insurance premiums? And if so, why?

Mr. Paul Thompson: It is not appropriate for me to talk about recommendations. The government's fiscal policy is a matter for the Department of Finance.

Mr. Yves Lessard: If it is not appropriate to give us the reason for the decision, can you tell us what motivated it? You undoubtedly took part in the process.

Mr. Paul Thompson: The purpose of the measure to maintain the current premium level is to avoid an increase which may have an impact on the economy.

Mr. Yves Lessard: So, its purpose is to help management?

Mr. Paul Thompson: And labour.

Mr. Yves Lessard: How can the freezing of premiums help employees when it prevents improvements being made to the system?

Mr. Paul Thompson: Without the premium-freezing measure, employment insurance revenue would total an additional \$4.5 billion. So there is a lot more revenue to fund the system.

Mr. Yves Lessard: Correct me if I am mistaken. Every cent accounts for \$100,000 in the budget. The government said that the budget was prepared on the basis of consultations. I imagine you also took part in the process. Were wage earners consulted before proceeding with a freeze on premiums?

Mr. Paul Thompson: The minister and his staff held a number of consultations.

Mr. Yves Lessard: Did they consult workers before reaching this decision?

• (1145)

Mr. Paul Thompson: I wasn't there.

Mr. Yves Lessard: I see. I don't want to bother you about things that you were not involved in. I wanted to know whether you were involved, and you are telling me that you were not.

[English]

The Chair: Thank you, Mr. Lessard.

We are now going to move to Mr. Martin. You have seven minutes, sir.

Mr. Tony Martin (Sault Ste. Marie, NDP): Thank you very much, Mr. Chair.

I'm becoming very concerned as to how this is all playing out on the street, particularly in my own community.

We just had a call to our office on February 11 from a woman who had applied for EI on January 12. She was told she would have her cheque within 28 days. She called back yesterday and was told that the assessment would take another 10 days because of the backlog of applications.

We were told by the minister on Tuesday that the ministry is hiring more people to deal with that. We've been hearing since before Christmas that there's a backlog, that people are waiting 40 or 45 days. Whenever you talk to the minister she says that's not true. Well, we have an actual case in fact here, and there are more cases of people who are now in serious need of money to pay the rent and put food on the table for their children. This is a sole-income earner, so it's tough. We're now looking at at least 38 days, but there's no guarantee that the cheque will be in her hand in 38 days.

Could you maybe talk to us about how this mass hiring is going? Yesterday the minister suggested that there's overtime being worked. How is that actually playing out in terms of the commitment that was made that in fact these cheques would be out within two weeks?

Mr. Paul Thompson: I'm going to turn to my colleague Liliane Binette for that question.

Ms. Liliane Binette (Assistant Deputy Minister, Quebec Region, Service Canada): Thank you.

Our priority, of course, remains to pay the clients as quickly as possible and on a timely basis. At the end of December we were meeting our key performance indicator of paying our clients 80% of the time within 28 days. There are occasions when, for a number of reasons—incomplete applications, missing documentation, and so on—it takes longer than 28 days. In a specific case like that, I would suggest that we have a line for parliamentarians to be able to provide

specific information, and I would suggest we could answer the specific question.

Again, at the end of December we were meeting the 80% rate of payment within 28 days. We have undertaken a large number of measures to be able to cope with the important additional workload. We have realigned internally all staff that were able to process EI applications, so if they had moved to another position within the organization, we brought them back to process EI applications. We also hired a large number of people who had retired on a voluntary basis, who agreed to come back and work to be able to process the applications. We are having staff do a lot of overtime, and we are monitoring the situation on a very diligent basis across the country.

Mr. Tony Martin: I understand that. The problem, of course, is that it isn't happening fast enough and we have now people starting to call our office.

Now, when people call our office that means that there's a significant number of people out there who aren't calling your office because they don't know that they can do that, nor do they really know what to do. They go into an office, they see a big bureaucracy, often in this instance will see a big lineup of people, and they get dispirited and discouraged about this.

I'm afraid that we'll have a whole whack of people out there who will have worked, got up every morning and worked, have now legitimately lost their job because the economy has gone bad, and they've gone to make the application, only to find out that it's just going to take forever. They would like to see an end date here. They don't know when, in fact, they're going to get that cheque.

I appreciate the suggestion that there be a desk set up for MPs to more readily access. That's helpful for us and for the people who come to our office. It's not helpful for the others who don't.

I would suggest that you have a major problem on your hands, that it's been red-flagged from well before Christmas as a problem and that in fact we're not getting at it quick enough. And as this floodgate opens now... I just had a call this morning from another of the big employers in my community, and they're laying off another 130 people on Monday. They will be into your office as well, once the two-week waiting period is up. Hopefully, they will qualify, but they will add to this very large number of people wanting cheques ASAP.

I just wanted to share that with you. I'm not satisfied that I've gotten an answer that indicates that we will actually get to the bottom of this and make it happen.

The second question is on the two-week waiting period and why that wasn't one of the reforms the government chose to move on. Are you aware of any studies that were done regarding cost-benefit, how that affects workers, how many it affects, and the positive or negative impact that might have, first of all on the workers themselves, and then what the cost of that would be to the government to actually implement?

• (1150)

Mr. Paul Thompson: I can respond to that question.

I can't speak to any comparative analysis per se, but I would say that there was some work done, clearly, on the two-week waiting period, and one of the concerns was the operational impact that has on the organization. You mentioned the volume of claims that we're currently experiencing, and there are significant numbers of workers who obtain employment within that two-week period, and they would be adding to the volumes of the employment insurance system and further increasing the service pressures. That was one operational consideration that was taken.

Mr. Tony Martin: Was there any consideration given—

The Chair: That's all the time we have, Tony. We'll try to get back to you again.

We're going to move over to Mr. Komarnicki. I got it right, finally. After five years, I finally got it.

Mr. Ed Komarnicki (Souris—Moose Mountain, CPC): That's good. Thank you, Chair. I appreciate that.

I gather that there will be a significant addition of \$20 million a year, over three years, for the targeted initiative for older workers, as well as an expansion of the qualifying cities or communities that are most vulnerable. I would expect and encourage Monsieur Lessard to get behind the budget and support it, if no other reason than that, because I know he's been a champion of that area.

It's good to see that you've approached the issues relating to job losses and layoffs in a three-pronged attack that deals not only with the issue of layoff or losing a job, but also retraining and skills upgrading. I gather the total funding, including what's in the budget, is over \$8 billion, a significant amount of injection.

I know there's also been a concern about the two-week waiting period. There have been broad consultations with various stakeholders across the country, and the choice has been made to add five additional weeks of benefits, at a fairly significant cost, which seems to be what Canadians wanted. But with respect to the two-week period, I have a quote here from someone who said there's a lot of churn in the labour market in that two-week period, and almost 2% of jobs change every month just in the normal course of events.

So the two weeks is there for a very good reason, and if you're going to extend benefits, it may be, as Canadians have said, better placed elsewhere. Do you agree with that statement or assessment, or do you want to amplify it, if you could, Mr. Thompson?

• (1155)

Mr. Paul Thompson: Thank you.

Yes, there is indeed the type of churn in the labour market you're referring to. That's a factor here.

As well, the operational implications of taking a large additional volume of claims for a potentially very short period of time is a consideration around the two-week waiting period. The decision of the government was indeed to extend the duration of benefits at the back end of the claim rather than in the two-week waiting period at the front.

Mr. Ed Komarnicki: Obviously, those concerns would not apply with equal force and validity to payments at the back end.

Mr. Paul Thompson: The back-end payments pertain to people who are already on claim, so it's a longer duration for the same claimants, who would otherwise run out of their benefits.

Mr. Ed Komarnicki: I was also interested to see your indication that on the wage earner protection program, initially passed through legislation and dealing with a number of important issues in the event of a bankruptcy, this augments that. The statement here indicates that it's to cover unpaid severance and termination pay for up to a maximum of four weeks under employment insurance.

How does that impact on the two-week waiting period? Is that in addition to benefits that might be payable under EI? Is it supplemented? How does it work or figure into the big picture scheme of things?

Mr. Paul Thompson: I'll let my colleague Scott respond to that, but the reference to employment insurance is just a reference per se for the calculations of the wage earner protection program. Scott can speak to that.

Mr. Scott Streiner: Yes, that's right. There is in fact no interaction effect, if you like, between the two. Payments that are made under the wage earner protection program are made for wages that are owed to the individual because of time worked or vacation pay that is owed or, as proposed in the budget, unpaid severance or termination pay. That sort of looks back retrospectively to money owed to the individual by the bankrupt employer.

There is no impact of receiving a payment under the wage earner protection program on an individual's eligibility for EI, either in terms of the level of payment or in terms of the timing of qualifying.

Mr. Ed Komarnicki: Would the payment for termination or severance expire and then the waiting period would start?

Mr. Scott Streiner: No. The waiting period for EI is unaffected by receiving a payment under the wage earner protection program.

Mr. Ed Komarnicki: So you'd have the two-week waiting period and start receiving benefits under EI, plus, at the point of termination, you would start receiving the termination benefits as well.

Mr. Scott Streiner: The way the wage earner protection program works, the individual who makes an application will receive compensation for the unpaid wages, unpaid vacation pay, and, potentially as proposed, unpaid termination and severance pay when a claim is fully processed. That typically wouldn't actually happen within two weeks of somebody being terminated, for example, by a bankrupt employer. It takes time for trustees to assess the assets of the organization.

The first effort is always made to ensure that the individual is paid directly from the assets of the bankrupt company. If that proves impossible and the individual wants to file a claim under the wage earner protection program, then the claim will come forward and the Government of Canada will look at the validity of the claim and make payment. It wouldn't normally happen that somebody would be receiving compensation under the wage earner protection program during the two-week waiting period. It would come some time later.

Mr. Ed Komarnicki: I also have a question to Ms. Kinsley with respect to the budget allocation for social housing. Of course, there are repairs and maintenance and so on, but the \$600 million is with respect to building new social housing, and then there's a provision for another \$2 billion in a sort of community loan fund, whereby communities can access loans at a very low cost rate to deal with things related to infrastructure and social housing, like the water, the sewers, and that kind of thing.

How is that going to apply? When developers or communities want to build social housing, can they combine seniors' housing with other types of housing? Are they going to be able to augment what they're doing by accessing a loan for utilities and infrastructure or will the municipality be doing that? Can you explain how the two might interrelate and how the public might expect them to work in the future?

Ms. Karen Kinsley: Yes. Thank you.

As for the money for construction of new social housing targeted to seniors, persons with disabilities, first nations on reserve, or housing in the north, all of that is new construction. To the extent that any of the new construction requires housing infrastructure associated with it—think of a subdivision that may require sewage lines or roads, those types of things—it would be the municipality that would come forward and say they would like to access capital moneys to be able to provide that infrastructure in order to support the new construction, be that social housing or market housing.

• (1200)

The Chair: Thank you very much.

We're now going to move to our next round, which will be five-minute rounds. We're going to start with Mr. Savage, from the Liberal Party.

Mr. Michael Savage: Thank you, Chair.

I want to return to employment insurance. I want to read a couple of comments that have been made about the budget when it comes to EI.

Armine Yalnizyan of the Canadian Centre for Policy Alternatives says: "Six out of ten Canadians don't get EI. Everybody agrees that's a problem, but this government inexplicably decided to ignore the problem. That will lead to disaster for many."

We have an editorial here from the *Ottawa Citizen*. Susan Riley, in fact, said "If the government was serious about helping the hardest hit, it would have opened access to employment insurance, along with extending benefits to those already covered."

An editorial in the *Montreal Gazette* says "The biggest single failure of the budget is in employment insurance. The measures announced do nothing to address the fundamental problems in EI."

We even have the C.D. Howe Institute, who you wouldn't normally think would be suggestive of opening the taps on EI—Finn Poschmann says "It's surprising, given how much money is being spent on initiatives of one kind or another, that the government couldn't find ways to ease access for laid-off workers...."

The focus of this budget was on stimulus, and this is why I asked the question about how you rank the different ways of doing stimulus. Ian Lee, an economist and director of the MBA program with the Sprott School of Business, spoke on CBC radio about a survey that was done that ranked the different kinds of stimulus, from corporate tax cuts to personal income tax cuts, temporary versus permanent, infrastructure, employment insurance, and so forth. And in terms of their multiplier effect, or bang for the buck, employment insurance came out on top, at 1.61, which means that for every dollar dispersed, it generates \$1.61 in economic growth.

So it seems that everybody's in agreement that EI is probably the ideal way to both provide stimulus for the economy but also to provide help to those who need it the most. I'm a little concerned, and that's why I'm asking you for your opinion. I love your department; I love Service Canada. Some of the best people in the world work for Service Canada in Dartmouth, Cole Harbour, and I love them to death and I feel badly that they're having such a hard time dealing with the backlog of people, because they're very decent and hard-working people. But I'm concerned about how this decision was made on EI.

I'm wondering if perhaps the government is going to open its eyes and say they're going to do something at some point in time. I'm not asking you to be Kreskin on that either, and predict the future, but I am concerned when I hear that eliminating the two-week waiting period would not be convenient for the department. We're talking about what's the most efficient, convenient way to get help to people. This should be about what is the most efficient, convenient thing, not for the department, but the most efficient, convenient, and absolutely necessary thing for those who are on employment insurance.

Do you have information? Have you done research, looking at the stimulative impact of employment insurance in eliminating the two-week waiting period, broadening access across the country and across groups, as well as the five-week waiting period?

The Chair: Mr. Thompson.

Mr. Paul Thompson: On that question, I would say that there is indeed a fairly broad consensus about the stimulus nature of employment insurance investments. The recipients tend to have what economists would note is a high propensity to consume. The money actually does—

Mr. Michael Savage: They have no choice, in other words.

Mr. Paul Thompson: Yes—the money flows into the economy. That's part of the rationale for including it in the stimulus package of the budget, in addition to dealing with the needs of the recipients.

Above and beyond the general point of EI contributing a stimulus, there was no comparative analysis of which type of measure gives more stimulus, but there was a policy decision taken by the government to focus on the duration of benefits in providing workers with additional benefits to find their next job, essentially.

Mr. Michael Savage: Let me ask you this. The minister said the other day—I'm trying to get her words exactly correct—that 82% who contribute to EI can receive benefits when they need them. I realize this is an issue of interpretation, but I'm looking at a chart provided by the Caledon Institute entitled "Percentage of unemployed Canadians receiving regular EI benefits, 1976-2007", which shows that in 1976, 84% of people could receive benefits, and today it's 44%. Can you just comment on that?

•(1205)

Mr. Paul Thompson: I don't have that particular study at hand, but I can indicate that access to EI is something that's monitored regularly by the department. Every year the Employment Insurance Commission issues their monitoring and assessment report, which deals with the impacts and effectiveness of EI overall—both the income benefits and the part II employment benefits—and there is an annual analysis of the access issue in there.

There are a number of different measures that commentators and researchers use to arrive at conclusions on access. One is indeed the measure that you referred to in one of your comments, essentially the beneficiaries-to-unemployed ratio, or how many EI beneficiaries there are relative to the total population of unemployed. That is a measure, but not necessarily the most appropriate measure in terms of the effectiveness of the program, because there are significant parts of the unemployed population that, by design, are not eligible.

For example, only 70% of the unemployed in 2007 actually paid EI premiums. Almost by definition, those people are not eligible to receive benefits. Only 54% of the unemployed actually had a job separation that met the requirements of EI in that they were laid off or they quit with just cause. So there's a significant portion of the unemployed who, unless there were major design changes to those fundamental parameters, would not be eligible for benefits. The number the minister quoted refers to 82% of those for whom the program was designed to serve being eligible to receive benefits.

The Chair: Thank you, Mr. Thompson.

We'll move to Mr. Cannan for five minutes.

Mr. Ron Cannan (Kelowna—Lake Country, CPC): Thank you, Mr. Chair.

I thank our witnesses. I appreciate your coming today to enlighten us on the budget.

Mr. Thompson, in your opening comments you talked about the very ambitious agenda that's been put forth for you and your staff. I thank you for your work in advance, and as well for all the employees across the country who will be inundated, as we've heard, with more to come in the application process.

Many of my colleagues around the table and I have had meetings with constituents in our offices, coffee shops, and economic round tables with the chambers. The number one issue in my riding was the work-sharing program. I appreciate that 14-week extension.

In your presentation, Mr. Thompson, on page 6 you made reference to the older workers program. You talk about the more vulnerable cities. I'm wondering if there's a definition. Is it based on an EI rate? How do you define vulnerable cities?

Mr. Paul Thompson: The definition of eligibility for the program previously excluded those cities that were part of census metropolitan areas. The new definition essentially allows more cities to qualify, even if they are part of a broader census metropolitan area. The program, by design, is intended to focus on those communities that are vulnerable. Part of the targeting of this program is towards the communities that are particularly dependent on one industry or one employer. Even if they are in proximity to a larger census metropolitan area, they would now be eligible for the program, whereas previously they would have been excluded. That's essentially the eligibility change that was made through this measure.

Mr. Ron Cannan: I appreciate that clarification. I represent Kelowna—Lake Country, which was the largest census metropolitan area of seniors in the 2006 census. It's good to hear in that respect.

I have one issue with regard to accessibility. There was an enabling accessibility fund. I was wondering if that was extended within the budget.

Mr. Paul Thompson: That was not part of the 2009 budget. I'm not in the best position to speak to that program. If you have specific questions, we could follow up.

Mr. Ron Cannan: Could you clarify, for example, whether, if you have a van and you need a conversion, there is a component to allow people with disabilities to get compensation reimbursement to help pay some of the cost? There would be both a provincial and a federal contribution.

•(1210)

Mr. Paul Thompson: It's not a program that I'm responsible for, but my colleagues in the room may know.

Karen, do you want to speak to that?

Ms. Karen Jackson (Acting Senior Assistant Deputy Minister, Skills and Employment Branch, Department of Human Resources and Social Development Canada): If you can quickly précis the question for me, perhaps I can answer it for you.

Mr. Ron Cannan: There was some funding—the enabling accessibility fund—in previous budgets for people with disabilities. So, for example, if they wanted to purchase a van and adapt it for wheelchair accessibility, they could. I wonder if that is going to be extended.

Ms. Karen Jackson: Yes, there is three-year funding for the enabling accessibility fund. There were no additional funds put aside in this budget, however, for that program. The program is in place, and we will soon be having another call for proposals for projects to be funded.

Mr. Ron Cannan: That's good to hear. Thank you.

Mr. Paul Thompson: I should have introduced my colleague Karen Jackson. She is senior assistant deputy minister for the income security and social development branch.

Mr. Ron Cannan: Thank you, Mr. Thompson.

Ms. Kinsley, with regard to CMHC, I thank you for your great work across the country.

In British Columbia we have the Canada-B.C. social housing agreement, which was signed by Minister Finley in 2006. It's a 30-year agreement. You mentioned that the provinces are going to be involved. Is this how the money will be transferred and administered, then, as it is with B.C. Housing and CMHC—in partnership?

Ms. Karen Kinsley: Some spending that's contemplated in Canada's economic action plan will actually be cost-shared 50-50, as was pointed out, between us and the provinces and territories. We intend to use existing delivery mechanisms to try to get this money on the ground and housing up and running quickly.

In the case of the bulk of the funding that relates to provinces, it will be through an existing program, the affordable housing initiative. The Province of British Columbia has signed that agreement, and is in fact a cost-share partner. The funding that's contemplated here for new construction with the provinces would go through that program.

The Chair: That's all the time we have, Mr. Cannan. We're going to have to come back to you.

I just want to clarify, is the disability access program \$30 million a year? I know there's no new funding, but you said it was a three-year program. Do you remember how much it is?

Ms. Karen Jackson: If memory serves me right, it's \$45 million over three years. But I'll certainly confirm that and provide that confirmation in writing to the committee.

The Chair: Plus, can you provide how much was spent in the first year and how much is left?

Ms. Karen Jackson: Yes.

The Chair: Great.

We're going to move to Madame Beaudin, for five minutes, please.

[Translation]

Mrs. Josée Beaudin (Saint-Lambert, BQ): Thank you, Mr. Chair. Thank you very much to our guests for having accepted our invitation.

I would like to begin by asking for clarification on employment insurance. When you say that 82% of those paying into EI are eligible, are you talking about contributing members who apply or do you mean that 82% of contributors may apply?

Mr. Paul Thompson: What I mean is that 82% of laid-off workers who have contributed to employment insurance are eligible for benefits.

Mrs. Josée Beaudin: Did this 82% of contributing participants clearly apply for employment insurance?

Mr. Paul Thompson: Yes, here are the facts: among those people who have paid into the employment insurance fund and whose termination of employment makes them eligible, 82% receive benefits.

Mrs. Josée Beaudin: Contributing, that is one thing. You can contribute and be eligible for the employment insurance program, but not apply because you have not accumulated enough weeks of work.

When you talk about 82% of contributors, did they all apply and are they receiving employment insurance benefits?

Mr. Paul Thompson: It is the opposite: 18% of those who have contributed were not eligible, that is because they did not accumulate enough hours of work or perhaps for other reasons.

This 82% is essentially the rate of contributors who have received their benefits.

Mrs. Josée Beaudin: Perfect, thank you.

Social housing is another area which is of great concern to me. When you said that there is new investment over two years, I just want to check that it is really new money. Is it?

• (1215)

Ms. Karen Kinsley: Yes, it is.

Mrs. Josée Beaudin: What, in your assessment, is needed in terms of new social housing units in Canada and Quebec? Have you researched that?

Ms. Karen Kinsley: Yes, we have. There is a national measure that is part of the census question on pressing housing needs, what we call in English core housing needs. It is a nation-wide and provincial measure indicating the number of people who are having trouble getting access to housing. And this measure has been in place for years.

Mrs. Josée Beaudin: According to your assessment, what is the demand for new social housing units? Based on your assessment, how many new social housing units need to be built in Canada and Quebec?

Ms. Karen Kinsley: Indeed, there are measures on those in need which enable us to make an estimate on demand.

Mrs. Josée Beaudin: I see, but how many new social housing units were built in the last year?

Ms. Karen Kinsley: Under the Affordable Housing Initiative, 41,000 housing units were built before late December 2008. The program expires in March 2009.

Mrs. Josée Beaudin: I see.

In Quebec alone, it is estimated that 450 households have core housing needs. In Montérégie, where my riding is, in January alone, 37 houses were abandoned due to the economic crisis.

You say that 41,000 new social housing units were built and that the additional investment has been spread over two years. How you are going to meet the need for new social housing units and at the same time meet the deadlines that you set with the municipalities? If construction is not completed or if you have not met the demand within the prescribed deadline, what are you going to do with the leftover money?

Ms. Karen Kinsley: I am just trying to clarify the question. In addition to the monies announced in the economic plan that you mentioned in September, the government has announced another envelope of \$1.9 billion for social housing. In total, there is new money to the tune of \$4 billion for social housing.

Mrs. Josée Beaudin: How are you going to be able to meet the two-year deadline? Social housing units aren't built in three weeks. Given the needs and the tight deadlines, how are you going to meet demand?

Ms. Karen Kinsley: As I said, we are using programs which already exist. In the case of Quebec, there is a program which was developed and is run by the province. Our response time is quick because of the existing network. In almost every province, there's a process to determine which projects can go forward. We think we will be able to move very quickly as soon as this new money is approved.

Mrs. Josée Beaudin: You're saying that there are 41,000...

[English]

The Chair: Thank you. That's all the time we have.

We're actually over time, but thank you for the response.

We're going to go over to Mr. Lobb for five minutes.

Mr. Ben Lobb (Huron—Bruce, CPC): Thank you, Chair.

Again, I would really like to extend my appreciation to you, your team, and your colleagues for attending for the second time in one week. I know that's a testament to your dedication and your time, because I know those hours you spend here are added on at the end of the day or before the work day begins. In regard to the rest of your staff, I do appreciate the long hours you're working. It definitely takes time away from your family, and likely on the weekends, too.

Again, on Service Canada, which my staff deals with directly, I appreciate their help and their good demeanour on the phone. It really is a testament to their training and so forth. I can only speak on behalf of our office, but I would like to say that nine times out of ten there's an issue with the paperwork that's submitted with the EI claims, and we're able to help them along and make sure they get the dollars rolling.

I would like to make a comment, though, on what I've heard in the last couple of committee meetings regarding freezing of EI premiums. There are some questions, I think, from some colleagues of mine on the actual stimulus factor or the benefit therein, for either employers or employees. I have a quote here from my former CFO that I'd like to share with my colleagues. It's just on some of the economic stimulus here, maybe, and it goes like this:

In times when our monthly insurance premiums, dental and health, are continually increasing, it's great to hear that our federal government has taken this initiative to hold these costs firm. It helps us free up some budget which could result in part-time or full-time work.

So when we talk about a collaborative and consultative approach to putting together the economic action plan, the freezing of EI premiums most definitely helps corporations as well as the employees, and we know these come directly off employees' paycheques. For that, we are truly thankful.

One of the questions I have for you is about page 2 of the CMHC report, and it's to do with the retrofitting and energy upgrades. It does mention here that provinces and territories will be required to cost-share on a fifty-fifty basis. My question is about the fact that some affordable housing is owned by counties and municipalities. I'm wondering, to circumvent the process, will they be available to cost-share on a 50-50 basis with the federal government? That's my question for you guys.

● (1220)

Ms. Karen Kinsley: Thank you for the question.

In fact, the requirements under the existing agreements today require that the provinces cost-share. The provinces are able, if there are municipalities that are willing, to allow municipalities to take up a portion of their 50%. However, we do cap that. There are many circumstances today where even when the provinces put in their 50%, as we say, we'll take all comers; so if community groups or municipalities wish to add on to that contribution, we're more than happy, obviously, to accept that in the projects as well.

Mr. Ben Lobb: That's great to hear.

As a follow-up on that one, on page 3 of that, paragraph 2, we talk about shovel-ready projects in regard to sewers, waterlines, etc. Are these targeted at, again, affordable housing projects—that those dollars will be allocated to bring the water and the sewer to those affordable housing developments?

Ms. Karen Kinsley: They certainly could, but they're not limited to that. These are the loans that would be made available to municipalities for housing-related infrastructure. So as I indicated previously, if there is a social housing project ready to go and they need to avail themselves of the funds for infrastructure and the municipality wanted to borrow the funds for that, certainly that's what this initiative would be available to do. But it would also be available for other housing projects in a market context, where they similarly would need that kind of infrastructure—provided, of course, the municipality was supportive.

Mr. Ben Lobb: Okay.

Do I have more time, Mr. Chair?

The Chair: About 30 seconds.

Mr. Ben Lobb: About 30 seconds, okay.

Just briefly, then, on the strategic training and transition fund, I wonder if you could elaborate briefly on that one.

Mr. Paul Thompson: I can speak to that, Mr. Chair.

The fund is intended to be a more flexible instrument than the current labour market agreement funding that flows to provinces, but like that existing instrument, it will be delivered by provinces and territories. It will benefit from the mechanism we have for the transfer, but there will be more flexible criteria. It won't be limited to either EI eligibility or non-EI eligibility. It will be flexible in that regard and it will be targeted to deal with the impacts of the downturn.

Mr. Ben Lobb: Thank you.

The Chair: Thank you, Mr. Lobb.

We're now going to move back to the Liberals and Mr. Savage for five minutes, sir.

Mr. Michael Savage: Thank you, Mr. Chair.

A last word on EI. When we talk about who's covered and who isn't covered and access, we keep hearing different numbers. The 82% the minister talked about and the language you use is those who contribute and qualify. The problem is the program is designed to exclude as many people as possible, it seems. A lot of people take some responsibility for that, but that is the issue. The bottom line is there are a lot of people in the country who cannot get benefits and who do in fact pay into the program. I think that is the single inequity that drives the problem with the unemployed in Canada right now: they have paid into it and they can't draw benefits. The program is designed to exclude them, and I think we have to change that.

I'd like to ask you, one of my favourite projects that the government has funded in the last number of years is the Canada summer jobs program. The budget indicates there's an extra \$10 million a year for two years. Is that correct? How many jobs will that create?

• (1225)

Mr. Paul Thompson: I do have that number. I can report that in 2008 there were 20,000 organizations that were supported, creating 36,000 summer jobs. So I would presume it would be proportional to that level of investment.

Mr. Michael Savage: You don't know the exact number?

Mr. Paul Thompson: I don't have the exact number, but we could easily get that for you based on the.... It would be the same cost per intervention that we'd be anticipating, so it would be the same proportional impact of the dollars.

Mr. Michael Savage: I know that some organizations, I think CFS is one of them, had indicated that we should double that program. For less than \$100 million—I think the budget was \$97.5 million—we could have created somewhere probably in the range of 40,000 jobs that would have provided support for students who are going to find it increasingly difficult to find work. It also would have helped—and this often gets ignored—the not-for-profit organizations. In my riding, and I think in the ridings of most of the members of this committee, those jobs do go to the not-for-profit organizations, to child care, to people who help seniors, who help people with disability and youth soccer and all those sorts of things.

I offer this free of charge to the government: double the program and I will stand up in the House of Commons and I will very briefly commend the government for doing that. I think it's an outstanding program.

I want to ask about the Canadian Council on Learning. On Tuesday the minister indicated that their funding would be extended for another year. My understanding was it was going to run out at the end of March. Our chair asked the question. Is that the fact, that they have another year of funding that will take them to 2010?

Mr. Paul Thompson: David, are you prepared to...?

Mr. David MacDonald (Assistant Deputy Minister, Learning Branch, Human Resources and Skills Development Canada): That's correct.

Mr. Michael Savage: Okay, then it is not just that they are using the money they were given before for an extra year, but they have an extra year of funding.

Mr. David MacDonald: My understanding is their original funding was reprofiled to extend into 2010.

Mr. Michael Savage: Reprofiled under certain governments means different things. Does that mean stretched or does that mean added?

Mr. David MacDonald: It means there was no increase in the original funding they received.

Mr. Michael Savage: So the funding has not been increased.

Mr. David MacDonald: The funding has been reprofiled to 2010, but the funding they received originally is the funding they will be using—

Mr. Michael Savage: Okay. If I were reprofiled as a human being, would I live longer or would I just die easier? That's what I'm trying to get at here.

The same amount of funding that went into it when it was started—has that been added to in order to give it an extra year, or have they just been asked to stretch what they have for an extra year?

Mr. David MacDonald: I'm not a geneticist, but they have been asked to stretch for one more year.

Mr. Michael Savage: Okay. Reprofiled—good; that's a nice one.

We often hear the minister speak about 60,000 child care spaces being funded under their government. Can you explain that number to me? Is that perhaps a reprofile as well?

Mr. Paul Thompson: I'm going to have to call in another of my colleagues, Frank Fedyk, the associate assistant deputy minister for the strategic policy and research branch.

Could Frank come to the table?

Mr. Michael Savage: I remember Mr. MacDonald from the briefing now. You're very good. I enjoyed the briefing we had with you, I recall now, with a sense of humour.

Mr. Frank Fedyk (Associate Assistant Deputy Minister, Strategic Policy and Research, Department of Human Resources and Social Development): Budget 2007 provided additional funding to the provinces and territories to support the creation of child care spaces, so that funding has been made available. Since that time the provinces have made announcements that amount to over 60,000 spaces being created. British Columbia has 2,200, Alberta 20,314, Saskatchewan 1,550, Manitoba 9,000, Ontario 7,266, Quebec—

• (1230)

Mr. Michael Savage: Okay, I get the picture.

Is there proof that the money that went from the federal government to the provincial government established those spaces?

Mr. Frank Fedyk: The funding that is provided to the provinces and territories is through the Canada social transfer. It's designated to support provinces in the creation of child care spaces, and these are the public announcements that the provinces have made.

Mr. Michael Savage: Oh, there are lots of public announcements. I'm not questioning that there is a lack of public announcements. What I'm getting at is the money goes in a block transfer, but is there any accountability that determines that it has to be used to create child care spaces?

Mr. Frank Fedyk: Through the Canada social transfer the provinces report publicly to their residents in terms of how that funding is used, and these are the public announcements of the spaces they've made in terms of the commitment of how they're using the funds that have been provided.

Mr. Michael Savage: Those are the announcements in which the province indicates that they've created the child care spaces—or reprofiled other ones.

The Chair: That's all the time we have. I appreciate your stepping in there.

We're now going to move to Mr. Vellacott for five minutes, sir.

Mr. Maurice Vellacott (Saskatoon—Wanuskewin, CPC): Thank you.

I'm going to ask a few questions on behalf of my colleague Dona Cadman, from Surrey North, who had to rush away. She has a question here for the officials' response.

When Ms. Finley was with us the other day—the minister appeared before us on Tuesday afternoon, as you know—she explained that the government's investment of \$2 billion in social housing would create approximately 40,000 new housing units for low-income Canadians, in addition to retrofitting thousands more.

Karen would probably be responding here.

Dona says that coming from a riding that has almost no development in social housing, this interests her quite a bit. Could you please tell me how many of those 40,000 spaces are allocated for British Columbia, and more specifically, for her riding of Surrey North? Do you have that broken down by province or region?

Ms. Karen Kinsley: I have it by province, but I would not have it by region. I could certainly get that.

Mr. Maurice Vellacott: I would be interested in Saskatchewan as well at the same time, if you have that.

Ms. Karen Kinsley: For the province.

I would just like to clarify first that the 40,000 units the minister spoke of relate to our existing affordable housing initiative, the total funding for which is \$1 billion. That's not to confuse it with the \$2 billion that's put in Canada's economic plan.

In the case of British Columbia, we have 4,306 units at the end of September, and I believe I have an update as well for the end of December 2008. In Saskatchewan it was 1,328 units.

Mr. Maurice Vellacott: Okay.

I have another question on behalf of my colleague Ms. Cadman. She says that in the presentation on Tuesday the minister stated that the government has frozen EI premiums until 2010. She's commending that as good news for small and medium-sized businesses. She goes on to say, in addition to freezing the EI premium, that the minister stated that her department has taken steps

to break down the wait periods and to deal with the high levels of application by “redistributing workloads, hiring new staff, recently retired employees returning to work, etc.”

She would like to know—and I would like to know with respect to Saskatchewan—how many of those additional employees might be stationed in the lower mainland of British Columbia, and, more specifically, Surrey North. Again, if you only do it by province, I'd like to know how many in Saskatchewan. If you figure you're going to have to bring in new levels of staff to deal with these, and you are going to do it by redistributing workloads, hiring new staff, recently retired employees, and so on, do you have any idea what those numbers would be across the country?

Ms. Liliane Binette: Thank you for the question.

In terms of the specific numbers by province, I will have to come back and report on the numbers. In terms of the measures, when we refer to monitoring the workload nationally and redistributing the workload, that means we look at the overall capacity in Canada. So wherever we have, for example, hired additional resources, recalled recent retirees, increased overtime, we look at the workload nationally and then the claim is being processed where the capacity is. That's how we look at the national workload to make sure that a Canadian is a Canadian and they have access to their payments 80% of the time within 28 days.

In addition to those measures, for mass layoffs, for example, we have also applied a very proactive approach and an outreach capacity where we contact the employer and we support employees. For example, we would open an office on a Saturday to be able to take all of the applications of those employees. We help the employer with completing the record of employment on time so that on the one hand we can automate as many applications as possible, so the client can get their payments very quickly. For the ones that cannot be automated, we ensure that we do have the people to process the claims. It helps simplify the process in being able to respond to the specific demands in the specific communities and in making sure that we are taking each and every possible step, in addition to the additional people, to meet the objective of paying the clients within 28 days.

● (1235)

Mr. Maurice Vellacott: Right. So you try to be proactive and get ahead of it if you hear of impending layoffs, possible layoffs.

Ms. Liliane Binette: From many angles, absolutely.

The Chair: Thank you, Mr. Vellacott.

We're going to move to Mr. Martin for five minutes.

Mr. Tony Martin: Thank you very much, Mr. Chair.

I'd like to talk for a few minutes about the training and retraining piece of this announcement. On Tuesday the minister spoke of this: she suggested that maybe some of the steelworkers in the Soo who are losing their jobs might become health care workers. It's difficult in some instances to imagine how that might happen, particularly when you consider the framework within which that is expected to happen.

I'd like you to explain to me, first of all, what you mean by long-tenured workers. You're talking about pilot projects—how many of them? Given that they have to be done in collaboration with the provinces and territories, how quickly do you think you'll have that up and running? We've lost 270 steelworker jobs in the last month in Sault Ste. Marie.

The next question was asked of me in my pre-budget consultation that I did. If somebody decides they want to go to university, for example, nursing programs in Ontario are university degree programs. So if steelworkers want to become nurses, they need to go back to university. From what I gather here, there's up to two years of support now for a recipient of EI.

Mr. Paul Thompson: I can comment on those elements of the budget that deal with retraining.

As I mentioned in my remarks, there are two main transfer programs to provinces, one through the labour market development agreements, one billion dollars over two years, and this new strategic training and transition fund, which is intended to provide added flexibility for provinces to deliver deeper training, longer-term training, deal with increased volumes of training. So both those instruments are delivered by provinces, who under the current arrangements are the ones who refer the clients and assess the clients' needs and determine eligibility for that type of programming.

So that part is done by provinces and territories.

Mr. Tony Martin: What do you mean by long-tenured?

Mr. Paul Thompson: Long-tenured—I was going to speak to that next. That's the other measure that is really a collaborative measure between the two orders of government. The way it is envisioned to work.... At present provinces in a not very systematic fashion sometimes provide additional financial support to claimants who are pursuing longer-term training. What this measure does is provide consistently across the country, through part I of employment insurance, an extended benefit for long-tenured workers.

We intend to implement that as a pilot project under the legislation. The way we envision it working is that there would be minimum eligibility criteria that would be determined in the regulations, and then within that scope of eligibility the provinces would be able to refer individuals to this longer-term training, which could extend to up to two years to allow the deeper kind of training you're referring to where someone has to make a more profound change in their career or occupation.

Mr. Tony Martin: The other reference here that I thought was interesting and has probably wider ramifications is this question of when someone loses their job, they get a severance package. There's a sense of the justice of that. They worked to earn that severance package, and it's available through perhaps their collective agreement or whatever, but in order to qualify for EI they have to spend that severance package first. Is that correct?

Why wasn't that looked at as something that could be changed? To me, that is fundamentally unfair, to ask people to take a bit of money that they might have used, for example, to make sure they could continue to pay the tuition fees for their children going to school and you're forcing them to now use that to actually give the government

some reprieve in terms of what they are expected to provide, and to spend it before they get their EI.

Now you're saying that if some of the laid-off workers choose to invest all or part of the separation payment in their own training, that would be allowed. Could you explain that as well?

• (1240)

Mr. Paul Thompson: Sure. I will start by explaining the current practice with respect to severance pay and then what the budget measure does on top of that.

At present, separation payments are treated as earnings, and for purposes of employment insurance are allocated over a number of weeks. So there is an equivalent number of weeks that amount of money is associated with, and then the claim can begin after that period is over.

What the budget measure does is it implements a new provision to waive that requirement and bring these individuals onto claim earlier than would otherwise be the case. If they choose to invest, as I said, all or part of their severance package, the details on this one will also be defined in regulation as to what the threshold is for that requirement. We would anticipate that anybody who uses a significant portion of their severance or undertakes a significant investment in training would be able to come onto claim immediately and receive those benefits and not have to wait for the duration of this period, the allocation period, as it is referred to, for severance.

The Chair: Thank you.

We're going to move back to Mr. Vellacott.

Mr. Maurice Vellacott: Thank you.

Since this time I'm not impersonating Dona Cadman, I'll have my voice a little lower.

I have one very quick question. You mention in your speaking notes here, Mr. Thompson, the creation of the strategic training and transition fund, to which Minister Finley referred the other day as well. Because the budget hasn't passed, I take it that's still anticipatory. Is that going to be in a pilot project manner? How will that look? I'm particularly intrigued with the fact that it will also apply or can be used for those who have never drawn EI or are not eligible from that point of view.

What will this look like? I take it we've had some experience with this in the history of our nation. How will that look across the country in different provinces?

Mr. Paul Thompson: I'd be happy to speak to this measure.

This, as I mentioned, is going to be implemented in association with the current labour market agreements that we have with the provinces and territories, through which there's an annual transfer of funding to deliver programming that was essentially targeted at the non-EI-eligible population. There was perceived to be a need that wasn't being met by the requirements of employment insurance funding for training, so the labour market agreements were introduced to broaden the eligibility.

What this budget measure does is create an additional temporary fund for a period of two years. It won't have a completely different mechanism around it; it will ride on top of, if you will, the labour market agreements for purposes of administration and to expedite its implementation. But it will be available with a greater degree of flexibility as to who is eligible to use it. It won't have the limitations of either the current labour market agreements or the EI funding, so it will be a flexible instrument for a limited time period for provinces to meet the needs of particular communities and individuals.

Mr. Maurice Vellacott: It is \$500 million over the two years, so it's an additional sum of money plus extended. Normally these labour market agreements only go a year at a time, or how long are they?

Mr. Paul Thompson: This will be a two-year add-on to the existing arrangement. It's temporary funding that will ramp up and then be withdrawn, if you will, at the end of the two-year period.

Mr. Maurice Vellacott: Right, whereas the normal labour market agreements are what length of agreement or contract?

Mr. Paul Thompson: That's a period of six years.

Mr. Maurice Vellacott: Six years. So this is adding on to that.

Are some of these about to expire?

Mr. Paul Thompson: The expiry date of the labour market agreements.... They're still relatively new.

Karen, can you jump in on this one for me?

Ms. Karen Jackson: The current agreements are only in their first year, so they extend for a good period of time yet.

Mr. Maurice Vellacott: So this will take it out from here another seven years, in effect, if you're saying that they're six-year terms.

Mr. Paul Thompson: I'm speaking only about the strategic training and transition fund. That's the budget measure that is two years and time-limited. Then we would revert to the normal funding for the duration of the labour market agreement.

• (1245)

Mr. Maurice Vellacott: Okay, I see.

Mr. Paul Thompson: This is a temporary add-on to a base level of funding that's been established under the existing agreements.

Mr. Maurice Vellacott: So that will kick in right away, the first two years.

Mr. Paul Thompson: It would kick in the next fiscal year.

Mr. Maurice Vellacott: And then the continuation of those labour market agreements, the subsequent five years, would carry on.

Mr. Paul Thompson: They would carry on, yes, that's correct.

Mr. Maurice Vellacott: Okay.

Thank you very much.

The Chair: Thank you.

Those are all the rounds we have. I know that Ms. Beaudin had a quick question she wanted to finish up, if I could indulge the department, and Mr. Savage had one quick question, as do I, and then we'll finish up with that.

Madame Beaudin, I know you were in the middle of trying to ask a question. I'll let you finish that question, just that question, and then we'll move forward.

[Translation]

Mrs. Josée Beaudin: Thank you very much, Mr. Chair.

You said that there were 41,000 social housing units built under the previous budget. How many social housing units do you plan to see built as part of the new budget?

Ms. Karen Kinsley: We don't have the figures right now because the provinces are responsible for the program. We're in discussions with the provinces about the administrative processes. The provinces are waiting for the budget to decide which initiatives they want to invest in. So we don't have any figures yet, but if the budget passes, in a couple of months, we'll know what the provinces intend to do on that front.

Mrs. Josée Beaudin: I see, thank you.

[English]

The Chair: Thank you very much.

Mr. Savage, a quick question.

Mr. Michael Savage: A request and a question.

On literacy, there was a great article yesterday in *The Toronto Star* by Carol Goar entitled "Literacy network struggles to survive". I think literacy is getting a real lousy deal in this country right now. I had asked, when I had my departmental briefing, for some information on literacy funding to the provinces by year. I haven't received that. I'm going to ask if anybody could indulge me and get me that information as quickly as possible, because I hear from a lot of people who are saying their funding has been cut.

I have a very quick question, and this is an easy one, I think. Assuming the budget passes and the budget of the Canada summer jobs program goes up 10%, will all MPs then automatically have a 10% higher allocation of student jobs in their ridings? Is that how it's going to work?

Mr. Paul Thompson: The details of the allocation of that new money have not yet been worked out, but that will be done in the coming weeks, certainly with a view to getting that in play as soon as possible for the—

Mr. Michael Savage: But it will be allocated, and not reprofiled?

Mr. Paul Thompson: That's correct.

The Chair: All right.

I have a quick question, and I realize this will probably be different if the rate of unemployment changes. In terms of costs or savings to businesses or individuals with regard to freezing the rate-setting mechanism at \$1.73, do you have any idea what type of savings will be seen by businesses and employees over the course of 2010? Once again, I understand that a per cent change in unemployment will probably change those numbers considerably.

Mr. Paul Thompson: Sure, I can speak to that. There is an estimate contained in the budget that the fiscal impact of freezing the rates for these two years is \$4.5 billion. That is relative to the break-even rates. Had the rate been set on a break-even basis, \$4.5 billion in extra premium revenue would have been required over that two-year period, and that, of course, is shared among employers and workers.

The Chair: Okay, that sounds great.

Mr. Paul Thompson: It's a ratio of 1.4:1 for the employers versus the worker portion of that.

The Chair: Thank you.

Mr. Lessard, I know you had a quick question, but before we do that, we're going to finish on that note.

Tony was just asking me, and I think Madame Beaudin had talked about this, regarding the delivery agents for some of the funding for low-income housing, is it going to be similar to what's happened in the past? How are the moneys going to hit the ground? What agencies will be involved? What is the thought on that?

Ms. Karen Kinsley: Yes, funding will be used for programs that are currently cost-shared with the provinces. The provinces will have the responsibility to design and deliver the program in conjunction with a variety of other agents in the province that they choose. In the case of first nations communities, it will be delivered directly by the federal government in conjunction with regional liaison committees, and those include us, Indian and Northern Affairs, and the Assembly of First Nations representatives. So the three of us on a regional basis will look at the needs in the region and determine how those needs

will be met with the budget available. Those committees exist today, and that is the current process.

• (1250)

The Chair: Okay.

Mr. Lessard just wanted to sneak in one last question, and then we'll be done.

Mr. Lessard, you can have one question, sir.

[*Translation*]

Mr. Yves Lessard: Thank you, Mr. Chair. I'll be brief.

If I've understood correctly, the five additional weeks of benefits cost \$1.5 billion and will also affect the regions with high rates of unemployment that already have pilot projects.

Mr. Paul Thompson: The purpose of the measure is to provide five additional weeks of benefits to EI recipients from every region of Canada where these five weeks do not already apply.

Mr. Yves Lessard: I see. The \$1.5 billion affects every region including regions where EI recipients already got those weeks as part of their pilot projects.

Mr. Paul Thompson: No, this is an additional investment to fund the five weeks for the rest of the country.

Mr. Yves Lessard: For those that didn't get those five weeks.

Mr. Paul Thompson: Yes, that's right.

Mr. Yves Lessard: How much did the pilot project cost?

Mr. Paul Thompson: I don't have the amount at my fingertips, but I can get it to you after the meeting.

[*English*]

The Chair: Thank you.

I do want to once again thank the departmental officials for taking time and meeting with us so quickly. Thank you very much.

With that, I'm going to adjourn the meeting, so thanks again.

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