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Chair

Mr. Bryan May

Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities

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•(1715)

[English]

The Chair (Mr. Bryan May (Cambridge, Lib.)): Order. Thank you all for coming.

We're going to get started right away. Given our tight timeline today, I'm going to keep my remarks very brief.

I want to thank all our witnesses for taking the time to travel here today. I'm very sorry that our time will be short. Our guests have obviously taken a lot of time to be here today, and we're going to hear from all them in-between our votes here tonight. If there is time for questions after their presentations, we'll do that as well.

From Statistics Canada, we have the director of the labour statistics division, Ms. Alison Hale. Thank you for joining us today. I'll let you begin. Could you please keep your remarks to between five and seven minutes at the most? Thank you.

Ms. Alison Hale (Director, Labour Statistics Division, Statistics Canada): There was a presentation sent out ahead of time. Did everybody receive it? It was a deck. You have it? Good.

I want to thank the committee for the opportunity to speak today on information related to your study on the impact of the changes in 2012-13 to EI and of access to the program. I'll be using survey and administrative data to provide some background related to the work of the committee, where StatsCan has information and data related to some of the changes to the program.

Of course, there are many factors that can have an impact on the data that I'll be showing you today, other than changes in the EI program. These include changes in the global, national, or local labour market; and demographic changes, including the aging workforce, etc. Therefore, we always caution users about making assumptions of a direct cause and effect relationship between changes in a program and changes in labour market data.

Going to the second slide, I want to give you a bit of general information on the current labour market. In the graph on the left, we have data since 2005 for both the employment rate, which is the blue line, and the unemployment rate, which is the red line. As you can see, neither the employment rate nor the unemployment rate have returned to their pre-recession levels.

Still, in the context of the post-recession labour market, we see from the graph on the right the proportion of the unemployed population that is potentially eligible to receive EI benefits—the blue line. It has been declining since 2009. Of course, conversely, the

proportion of the unemployed population that is not potentially eligible to receive EI benefits is rising.

From other data from the labour force survey, not provided here, we know that since 2008, the proportion of the unemployed who have been unemployed for long durations—more than 26 weeks—has increased from 13% in 2008 to 20% in 2014, which could impact their eligibility for EI, that is, they do not have enough insurable hours to qualify for EI benefits before becoming unemployed again, or they could have exhausted the maximum duration of EI benefits before returning to work.

Going to slide 3, I want to take this opportunity to explain two fundamental concepts that people sometimes think are the same thing. There's the unemployed, which is published each month by StatsCan, which is from the labour force survey. There are three categories of unemployed. Those who were without work but had looked for work and were available for work. That's the largest group. That's about 90% of the unemployed. You'll note there, there's no criteria for their actually having worked in the past, but you just are without work and are looking for it. The other two categories equally split the last 10% of the unemployed: those who are temporarily laid off due to business conditions with an expectation they will be recalled and are available for work, and those without work but who had a job to start in four weeks.

These three are in comparison to regular EI beneficiaries in the EI program. Those are EI claimants who have temporarily or permanently lost their employment, but in order to be eligible for regular benefits, they must have experienced an interruption in earnings, be capable and available for work, and are unable to find suitable employment.

Looking quickly at slide 4, this shows the distribution or the share of the unemployed that can be found in each province, which is in blue, as well as the share of the EI recipients, in red. What becomes obvious right away is that Atlantic Canada and Quebec have a greater proportion of regular EI beneficiaries than they do unemployed persons, whereas the reverse is true in Alberta and B.C.

This again goes back to differences in the labour markets among the provinces. There are proportionally more workers in the labour market with temporary jobs—in particular, seasonal ones—in the Atlantic provinces. This will cause some of the differences in the distribution, since it can lead to higher chances of having multiple employment insurance claims over a year. Also, depending on the circumstances, people who are temporarily off work may or may not be counted as unemployed in the labour force survey.

• (1720)

Because I know we're short on time, I'll mention a couple of things that are related to some of the changes in 2012-13 to the EI program. I'll go to slide 5, and then I'll probably skip a few slides.

I wanted to look at the next slide because it is related. The red line shows a change in the program. It looks at the average weekly benefit payments, which have trended upward since the implementation of EI benefit calculations based on the 14 to 22 weeks during the previous year when earnings were the highest. This is a change that came into effect in 2013. To explain this graph, the blue dot is what the trend would have looked like if the trend prior to April had continued, whereas the black is the trend in the benefits after April 2013. It's to show that the trend in the benefits did go up.

I'll skip quickly to slide 9. One of the things was an interest in accessibility to job alerts and job information. There was a change in 2013 to the job alerts system. The changes that were made implied that people had access to the Internet to get information on job alerts. One of the concerns might be whether or not people with low income would have access to these sorts of things. In this one, we're using information that came through a supplementary survey to the labour force survey. The blue line is people who contact employers as their main way of searching for jobs and the red is those who use the Internet. This is by type of education. We don't have it by income, but we do have it by education, and there's a correlation between education and income. Less educated people still tend to contact employers directly versus using the Internet, but the more highly educated people use the Internet. This shows that there's definitely a disparity in the type of job search, depending on your education. There's more information in the deck about that as well, and hopefully it's quite evident.

• (1725)

The Chair: Thank you very much, Ms. Hale. I appreciate your condensing that for us. I know it's not always easy to do that on the fly.

Moving on quickly, I'd like to welcome Benoît Long, senior assistant deputy minister, processing and payment services branch, Service Canada; Paul Thompson, senior assistant deputy minister, skills and employment branch, Department of Employment and Social Development; and Annette Ryan, director general, employment insurance policy, skills and employment branch, Department of Employment and Social Development. Thank you all very much for attending today.

Mr. Thompson, please go ahead.

Mr. Paul Thompson (Senior Assistant Deputy Minister, Skills and Employment Branch, Department of Employment and Social Development): I appreciate the opportunity to address the committee today on the employment insurance program and the

policy changes that were introduced in recent years, particularly since 2012.

As noted, I'm joined by Benoît Long, my colleague from Service Canada, the senior assistant deputy minister for processing and payment services; and Annette Ryan, from the policy group at ESDC.

[*Translation*]

Before discussing the changes to the EI program and their effects, I think it is important to start by describing the evolving labour market context for the EI program.

Following the 2009 recession, the Canadian economy—and indeed, most developed economies—experienced a sharp economic contraction and gradual recovery. The labour market picture also displays industry-level adjustments and technological trends that continue to reshape the nature of work and business operations prior to and since the recession.

These trends make it difficult to assess the impacts of specific policy changes as separate from the wider labour market recovery.

[*English*]

Up until the commodity weaknesses experienced more recently in early 2015, we had seen a steady decline in the number of EI regular beneficiaries from the peak seen in the recession unemployment in June 2009, with recent initial and renewal intake of regular benefit claims essentially matching the period prior to the 2009 recession.

Another issue has been the concerns around the beneficiary-to-unemployment ratio, or BU ratio, which was 38.6% in 2014, which means that roughly 487,000 unemployed Canadians of the 1.3 million unemployed were in receipt of EI benefits. This is widely used by some stakeholders as a measure of access to the EI program.

What is less well recognized, however, is that just under 40% of the unemployed have not worked in the last 12 months. Some long-term unemployed can be supported by EI-funded programs, such as labour market development agreements with provinces, or by other programs, such as the youth employment strategy. The latter program is designed to address youth unemployment, but because it's a contributory program, those Canadians with no recent labour market attachment and who have not paid EI premiums find themselves outside the scope of the program. By contrast, just under 100,000, or about 8% of the unemployed were those who had insufficient hours to qualify for EI regular benefits.

As discussed in greater detail in the monitoring and assessment report that was tabled recently, on April 22, the EI coverage survey showed that 83% of the unemployed who had insurable employment and a valid job separation were eligible to receive EI regular benefits. This was on par with pre-recession figures. I would also note that we expect to see a slight increase in this eligibility rate as a result of the recently announced measures to expand the eligibility of new entrants and re-entrants.

Another policy change that relates somewhat to the issue of access to EI is the change to the EI waiting period, which is being moved from two weeks to one week beginning in January 2017.

• (1730)

[Translation]

There are four policy changes to the EI program around the 2012 and 2013 period that have garnered the most attention and that I will address in turn. The first is the sunsetting of the extra five weeks pilot project. The second is the introduction of a new working while on claim pilot project. The third is the change in calculating EI benefit rates through the introduction of variable best weeks. And last, are the series of measures undertaken as part of the connecting Canadians with available jobs, or CCAJ, initiative.

EI special benefits, an important and growing part of the EI program, also saw a variety of access expansions during this period, such as the introduction of the parents of critically ill children measure in 2012 and greater ability to access sickness from parental benefits. There were also changes to the handling of reconsiderations and appeals with the creation of the Social Security Tribunal.

I will be happy to discuss these changes in more detail should you have any questions related to them.

[English]

Turning to the other policy measures I mentioned, the extra five weeks pilot project provided five weeks of additional entitlement and was originally introduced with a target population of seasonal workers who experienced a persistent gap in their employment. A look at our evaluation of this measure shows that there's only a small share of the extra weeks that went to this targeted population. About 5% of the benefits paid went to these so-called seasonal gappers, which suggests that the measure as designed was not ideally targeted to the issue in hand.

Turning to the working while on claim pilot project, this was designed to encourage greater work attachment by allowing claimants to retain 50% of their benefits for any work while on claim, in contrast to the previous rules that allowed 100% set aside of their earnings for one day a week and zero thereafter. In general, this pilot was successful, as the degree of attachment to the labour force did increase, particularly among those who worked exactly one day a week. Compared to 2011, the ratio of earnings to regular benefits has increased as a result. There is one worrying statistic. While many people are working more days in a given week, overall a small share of people worked while on claim under the new rules, and low-income earners were overrepresented in the group that stopped working while on claim. There's more work being done on claim, but by fewer people.

One provision under this pilot was that individuals were given the option to revert to previous rules. The take-up of this option was not high, at about 12,000 people out of a possible 777,000. Budget 2016 opened up the eligibility further, allowing all new claimants to revert to the old rules, which is particularly advantageous for those who cannot find more than one day of work.

Turning to the variable best weeks pilot project, this is a successor to a previous pilot project in some regions of the country, which calculated benefits based on the best 14 weeks. This is a new model that calculates the benefits on the basis of the number of best weeks in the particular region. The number of weeks used ranges from 14 to 22 weeks, depending on the region's unemployment rate. As noted in the previous presentation, we've seen a convergence of the levels of benefits as a result of this.

The last measure I'll speak to is the connecting Canadians with available jobs initiative. There were a number of rules put in place around the acceptance of suitable work. There were definitions added to the EI regulations that determined such things as the length of the daily commute, the type of work, and the earnings for a new job. These provisions were reversed in budget 2016.

In closing, I would like to turn to the recent impacts of the commodities downturn. Cases of sudden economic deterioration, such as we saw more broadly in the 2009 recession, and again in regions affected by the commodities downturn, can stretch the responsiveness of the EI system. This is because regional benefit access and duration are linked to a three-month moving average of local unemployment rates, which provides a gradual response to changing labour market conditions. While this provides stability in normal circumstances, it can miss sustained deteriorations, such as the ones we have seen.

The budget measures announced in the recent budget provide additional weeks: five weeks of benefits for all regular claimants and an additional 20 weeks for long-tenured workers.

Those are the key points I wanted to make. I thank you for your time, and I'm open to any questions.

• (1735)

The Chair: Thank you very much, Mr. Thompson, and all those who join you today.

I would like to formally welcome Mr. Aaron Wudrick from the Canadian Taxpayers Federation. I would also like to thank Mr. Lewis, from the International Alliance of Theatrical Stage Employees, for coming all the way from Toronto today.

Given our time crunch, we're going to hear from the two of you, as well, keeping it to about five to seven minutes. Whatever time is left, we will open it up to questions for everybody.

I believe we're going to go with Mr. Wudrick first.

Thank you.

[Translation]

Mr. Aaron Wudrick (Federal Director, Canadian Taxpayers Federation): Good afternoon. My name is Aaron Wudrick, and I am the federal director of the Canadian Taxpayers Federation.

I would like to thank the committee for inviting me here today to discuss the changes to employment insurance.

[English]

As I previously said, the CTF is a federally incorporated not-for-profit citizens' group, with over 89,000 supporters nationwide. We focus our advocacy on three key principles: lower taxes, less waste, and accountable government.

With respect to the recent EI changes introduced by this government, we acknowledge that they are motivated, as always, by the best of intentions, namely, helping people who need help. That said, I don't think I need to repeat an old saying about the destination to which roads so paved can often lead. Making EI more generous is a hard thing to argue against without sounding heartless, but we also need to be aware of the longer-term impacts of what is effectively a more generous system.

I want to take a little bit of time today to probe two of the principles that we think should inform our approach to EI, the issue of fairness and the role of incentives.

First of all, why do we even have EI? The obvious answer is that in a prosperous society like Canada, part of our social safety net should be to ensure that we take care of those who lose their jobs. We require people to pay a premium, just as we do for any type of insurance, which then provides compensation in the event that what the insurance is designed to protect against occurs, in this case, unemployment.

While we call it employment insurance, that's actually a bit of a misnomer. A fairly standard feature of insurance is that the premiums being paid bear some relation to the risk involved. This is why, for example, car insurance premiums for people with poor driving records are much higher than they are for those with perfect driving records. Yet EI premiums do not vary according to this principle. Everyone pays the same premium rate.

The same applies with respect to benefits. In our own 2013 study of the EI system, which I'll come back to a little bit later in my remarks, we discuss a typical scenario of two workers in Newfoundland. One of these workers lives in St. John's, where his employer is also located. The other commutes to work from outside of the city. They do identical jobs for the same employer, at the same location, at the same pay. Yet if both of these workers are laid off after 26 weeks of work, for which they earn \$16,200, the worker who lives in St. John's would not qualify for EI benefits, while the worker who lives outside the city would receive up to \$16,830 over

34 weeks. This is just one example of the kind of unfair or seemingly unusual outcomes that our EI system can produce.

Another age-old debate is about the impact that the EI system has on an individual's behaviour. Most of us know the two basic arguments here. On the one side, we have those who believe that too generous a system induces people to become reliant on that system. On the other side, some take the view that nobody is on EI by choice and that everybody wants to work, no matter how generous the system is, but that there's simply no work to be had. This debate, unfortunately, ends up deteriorating into the latter group taking offence about what the former group is implying about the character of people on EI, and we never really get down to the nitty-gritty of it.

To be honest, the CTF is not neutral in this debate. We believe that a system that is too generous can create disincentives for people to seek or accept work when they otherwise might do so. Make no mistake, this is not a criticism of those individuals, since it's perfectly rational and understandable for people to take a better deal when it's offered to them. Rather, we see it as a criticism of the structure of the EI program, and an illustration of unintended consequences.

Another characteristic of overly generous EI that we would argue is harmful is that it can implicitly discourage mobility of Canadians. Being forced to leave one's community or province to find work is not always a pleasant experience. It's hard to leave family and friends behind, but we need to be honest about whether it is always a good thing to effectively encourage people to stay in places where there are fewer economic opportunities, when they might be able to find work elsewhere.

Finally, I wanted to touch on the CTF's own proposal for major reform of EI, which is inspired by the system that exists in Chile and was introduced in 2002. This would fundamentally change how the system works and how it affects Canadians. It's from 2013, as I mentioned. It's 28 pages, and you can find it on our website. I'd be happy to provide it to the committee. The model is essentially a mandated savings vehicle. You can call it an employment insurance savings account, or EISA, which workers are required to pay premiums into. This money could then be invested in any eligible RRSP investment vehicle. When a person, a spouse, or a family member becomes unemployed, they can draw down on this account. Upon retirement, any remaining EISA balance, or at least part of that balance, could be transferred to their RRSP, thereby helping to alleviate a separate but equally pressing concern—inadequate retirement savings.

In conclusion, no one disputes that insuring the unemployed or taking care of them is the wrong objective, but we must always strive to strike a balance between generosity and fairness, while recognizing the role that incentives play in affecting people's behaviour.

Thank you.

• (1740)

The Chair: Thank you very much, sir.

Mr. Lewis, you're up.

Mr. John Lewis (Vice-President, Director, Canadian Affairs, International Alliance of Theatrical Stage Employees): My name is John Lewis. I'm an international vice-president in charge of Canada for the IA. We're a union that works in the entertainment industry, both in live performance and in motion picture and television production. We're one of the oldest and one of the largest unions in the entertainment industry. We have 127,000 members. We've been around since 1893.

We'd like to thank you for the opportunity to present our views surrounding EI.

Our position is a simple one. The entertainment industry is quite successful in Canada, and it creates good Canadian jobs, but it needs a stable, secure safety net.

Workers in the entertainment industry face unique challenges. They are by necessity a transient workforce, moving from one project to the next. These workers therefore need legislative solutions to support this unique situation and to ensure that young workers in particular are able to choose this industry as a relatively stable provider of good middle-class jobs.

It's a large industry. In 2010 the cultural industries accumulated \$53.2 billion in economic generation that translated into 703,000 jobs.

The federal government has taken an active approach to nurture and grow the industry. The government is open to working with our industry, and we can see that through the temporary foreign worker program, where we had a special result for our industry, through the continued support of various tax incentive programs, and, most recently, with the restoring of funding for the CBC and other iconic institutions.

We are thankful for your assistance and your willingness to listen to and work with us.

The IA has a few issues that we would like to raise regarding EI. We are generally pleased with the changes to the EI program that were announced in the federal 2016 budget, in particular the reduction from 920 hours for new entrants and re-entrants. As well, we are pleased with the reduction of the waiting period to one week and the elimination of requirements for claimants to accept lower pay and longer commuting times in finding suitable employment. We think that these are all important steps towards re-establishing the integrity of the system.

As you're aware, the broader labour community is seeking quick implementation of these changes announced in the budget. In addition, it is seeking to bring in the scope of universality in reducing eligibility requirements to a single 360-hour requirement; to increase benefit levels from 55% to 60% of insurable earnings; to base benefit and duration calculations on a 30-hour work week; and, probably most important, to address rampant problems with EI service delivery and appeals. All of this, we would submit, is attainable if there's an assurance that the EI account remains for EI use and doesn't get used for other purposes.

While it is clear that the government is intending to eliminate the requirements to accept reduced pay and broader travel requirements for job search, it is unclear that the government has committed to

also repealing the hiring hall rules introduced by the previous government in 2012. In our industry, like the construction industry, the hiring hall is a cornerstone. The unions use the hiring hall to train, to recruit, and to provide benefits for workers. Many of our members, unfortunately, are frequent claimants under the system. Not all of them get to work at Stratford and in that type of full-time employment. To say that you cannot rely on your hiring hall but that you have to look for alternative work outside of the industry is a disservice.

Right now, we are facing a huge and booming industry, particularly in motion pictures, but one of the handicaps we have in Canada is that we're having a hard time recruiting and maintaining a young workforce for the industry, particularly in Vancouver and Toronto, but also elsewhere. Calgary is having a big year, and it's a big year right across the country. One of the areas we're looking at is EI, in terms of having that support network available to these young workers so they will choose to stick and stay, particularly in the film industry. We would submit that the hiring hall rules that were in place prior to 2012 should be reactivated—that's not clear now—and that would make it easier.

That's my quick submission. Thank you.

• (1745)

The Chair: Thank you very much. That's perfect timing.

As the bells have started, I do have to ask for unanimous consent to continue.

Do I have unanimous consent to continue?

Mr. Bob Zimmer (Prince George—Peace River—Northern Rockies, CPC): How long are you proposing to keep this going?

The Chair: We can maybe get a couple of questions in, and then we're done. Do I have unanimous consent?

Some hon. members: Agreed.

The Chair: Maybe we can condense them. Instead of six minutes, maybe we can do four, one from each.

Mr. Bob Zimmer: One from each is fine.

The Chair: Okay. We'll go for 15 minutes with one from each, so the first question is from Mr. Zimmer.

Mr. Bob Zimmer: Thank you for coming today.

I know it's a bit condensed, but I'll get right to it.

Alison and Paul—I'll use your first names, as it's just easier—I have a question to which you can simply say yes or no. Have you costed the proposal to move to a 360-hour or 45-day work year? Have you costed out that change?

Paul.

Mr. Paul Thompson: There has been some costing done over the years when these proposals have been made—

Mr. Bob Zimmer: What's the estimate of that cost?

Mr. Paul Thompson: I hesitate to put an exact number on the table, because it's important to describe exactly what the changes are. There are many variations. Whether the changes relate to special benefits or regular benefits—

Mr. Bob Zimmer: I'm specifically talking about the 360 hours or 45 days. Perhaps you could narrow it to that particular part and provide a quick answer on it.

Mr. Paul Thompson: For example, there's a different entry requirement for special benefits, which is 600 hours across the country right now. There are just important definitional questions as to whether the question is about changing all benefits or just regular EI benefits.

Mr. Bob Zimmer: Just define, then, what you're going to give me for a number.

Mr. Paul Thompson: If we look at regular benefits alone for 360 hours, it's in the range of \$1 billion. That's consistent with some past estimates that were provided within the last few years, adjusted for volumes for the current size of the labour force.

• (1750)

Mr. Bob Zimmer: Okay. Thank you.

I have a question for Mr. Wudrick, very quickly.

It's interesting. Somebody brought up temporary foreign workers, and we've seen a certain frustration with that, certainly in my riding of Prince George—Peace River—Northern Rockies. An available workforce, in theory, is there. The classic example that I heard was from somewhere in the east. They had an unemployment rate of 12.9% and yet still made an application for 20 temporary foreign workers to fill a void.

I guess this is where I would ask you for your opinion. There's a huge disparity there. We obviously have a workforce that should technically be available, but yet isn't coming to work. How would you suggest we address that problem?

Mr. Aaron Wudrick: It is a big challenge. We hear of these anecdotal situations. My Atlantic colleague, Kevin Lacey, wrote about this recently. There was a fish processing plant, I believe in New Brunswick, and they actually had to start throwing fish out. It was rotting because they couldn't get workers, even though they had advertised widely for them.

So I understand the ongoing debate here. Does EI, in some situations at least, provide disincentives for people to work? Again, that's not a comment on the character of people in a certain region. A lot of people would prefer not to work if they're going to get paid. I think we need to be honest about tackling that question. I realize it's very politically sensitive. But if we continue to bury our heads in the sand about it, I don't know that we're going to have a much better result in the long run.

Mr. Bob Zimmer: Absolutely. Thank you for that.

I would just say, as a person from my region, that I went on EI to get my skills training. I became a carpenter. I used it for that, but there was enough disincentive in the program—it just wasn't affordable, frankly—to basically send me back out into the

workforce. I was grateful for that, because I'd rather be working in the first place.

I have another question for Paul, but please stop me if you need to, Mr. Chair.

Can you explain the way in which EI basically augments the skills training programs in Canada? I know that's a very big question. Does it still help kids coming out of high school to get the skills training that is necessary?

Mr. Paul Thompson: The biggest connection between employment insurance and skills training would be the labour market development agreements. Last year \$2 billion, and that amount is being increased to roughly \$2.1 billion, was transferred to provinces to provide active training supports for EI-eligible clients. That's probably the biggest direct contribution of the EI program to skills development.

With respect to your comment about young people, I would note that the new entrant and re-entrant requirement has made that population of young people, which is about 50%, eligible for both the EI regular benefits as well as the associated training under EI part II, the labour market development agreements.

The Chair: Thank you very much.

We'll go to Mr. Ruimy, please.

Mr. Dan Ruimy (Pitt Meadows—Maple Ridge, Lib.): Mr. Wudrick, a lot of people do not want to work if they're getting paid. That's a quote you just made. In fact, everything you've said about how you view the employment system is kind of scary actually, in comparing it to car insurance. Most people aren't cars. People have families. They have kids. They have homes, so that's not really a good example to compare it with. You also mentioned that they should be able to go to where a job is.

I'll give you the example of myself. I was in a hostile work environment and I left the job. I went to EI and applied for it. They turned me down. They said I didn't qualify because I had left the job, so I made a claim under the criterion of a hostile work environment. Then they said that because the company was national, I could have moved anywhere. Why would I have to move, when one person responsible for the province is creating a hostile work environment?

These are high-paying jobs. I was in a high-paying job. Why would I have to leave the province? That does not make sense to me. I never did get the employment insurance. To me, that was concerning because I worked all my life. I never received EI, and here I was being pushed into a corner. That whole situation just doesn't work for me. I don't think it's a great analogy that you used. With employment insurance, we're talking about people with families. It's not as simple as that.

Mr. Thompson, the previous government implemented changes to EI that made for stricter job search responsibilities for unemployed workers. When these were implemented in 2012, how did it impact the claimants?

• (1755)

Mr. Paul Thompson: There are different types of impacts to take into account. There is some evidence—I think it was alluded to in the presentation by Statistics Canada—about the number of disqualifications. Those were quite modest in number, but there would be impacts beyond that in terms of the rules that are set for the obligations of claimants. We don't have a specific indication of the total impact, other than that a very modest number of disqualifications came out of those regulations.

Mr. Dan Ruimy: Budget 2016 proposes to reverse these changes. Could you elaborate on what that picture would look like? Specifically, how will this affect EI claimants and the EI system in general? Are you able to comment on that?

Mr. Paul Thompson: I can comment factually that the plan is to reverse these provisions and would take the obligations to what existed prior to 2012. There are long-standing obligations for all EI recipients to look for and accept available work, and there is jurisprudence that has come into play to define exactly what that looks like in terms of its interpretation.

I would also note that the government has indicated its intention to strengthen employer supports—job seeker supports, for example—for EI beneficiaries, using tools such as our job bank and labour market information on available jobs.

Mr. Dan Ruimy: Where we are today with the Internet...? I can remember back in the day that if I wanted a job, I took my resumé and went to see the hiring manager. If I made a great impression, I got hired. That's no longer the case in most cases. How do you think this plays out overall when it comes to employing people? Where do you see a change that needs to happen there?

Mr. Paul Thompson: You're right again. As was alluded to in the Statistics Canada presentation, job search strategies are changing. We're seeing dramatic take-up on our national job bank. For example, we have 650,000 job seekers currently registered to receive job alerts, so we're sending out over one million job alerts a week to people looking for employment, with some fairly positive indications on the success of that. Many of those alerts are leading to individuals finding jobs. That's just one indication, and we have further plans to develop these tools to provide even better supports in the future.

The Chair: Ms. Ashton.

Ms. Niki Ashton (Churchill—Keewatinook Aski, NDP): I have a couple of quick questions for the officials, and then I was hoping to ask Mr. Lewis a question. I'm certainly hoping I get through all of them.

First of all, the Prime Minister mentioned that “cold, hard mathematics” was the reasoning behind the exclusion of Edmonton and southern Saskatchewan from the relief measures included in the budget, which is obviously cold comfort to the people who live in communities that have suffered major job losses.

I'm wondering if you could speak to what the rationale was behind the 2% bar, and what studies the government produced to come up with this threshold.

Mr. Paul Thompson: The criteria that were set for the provision of these extra weeks involved several elements. We took a base

period before the commodities downturn, since the unemployment was clearly linked to the commodities downturn. We looked at a base period of three months prior to the commodity price drop. Then over that period, we looked at those regions in the country that have seen a significant drop, defined as 2% or greater, and one that was sustained, in that it continued and didn't show signs of recovery.

That set of criteria led to 12 regions qualifying for the extra benefits that met those criteria I mentioned. That was essentially the approach that was taken.

• (1800)

Ms. Niki Ashton: We've been told that the government will be looking at expanding the relief measures to Edmonton and southern Saskatchewan. Are you doing that right now? Obviously, people on the ground are keen to see the government step up.

Mr. Paul Thompson: We're continuing to monitor closely the situation in all parts of the country, including these and other regions. There's a labour force survey coming out later this week that will contribute to that analysis, but there's no policy decision taken as yet on the next steps.

Ms. Niki Ashton: We certainly hope that will be done as soon as possible.

Moving quickly to the Social Security Tribunal, it has seen its fair share of problems over the years in comparison with the fairly efficient system it was supposed to replace. Obviously, the Auditor General's report gave some very strong recommendations on this front. I'm wondering how his report is being interpreted within your department with regard, specifically, to changes that ought to be made to the tribunal.

Mr. Paul Thompson: I can start, and my colleague Benoît may want to jump in. The vast majority of the Auditor General's report focused on the CPP disability side of the program, so it's outside my area of responsibility.

I would just note that a key element of the change in the appeals model was the introduction on the EI side of a reconsideration phase, an administrative reconsideration of claims before the client needs to go to a formal appeal. That was the main change on the employment insurance side.

My colleague can add to any other of the service aspects.

Mr. Benoît Long (Senior Assistant Deputy Minister, Processing and Payment Services Branch, Service Canada, Department of Employment and Social Development): I would add that the reconsideration stage has reduced appeals by 85% at this stage. That means there are fewer appeals simply because we're calling claimants directly before we deny a claim, to make sure they understand, and in case there are changes in their cases. That's helped tremendously at that front end.

Clearly, we accepted all the recommendations of the Auditor General across his review, including some changes that have to be done on the pension side. Clearly, we have worked very closely with the SST to make sure that we will do as quickly as we can whatever we can to reduce the burden and the challenges and timelines that claimants face.

Ms. Niki Ashton: Great. Thank you.

Mr. Lewis, thank you for speaking on behalf of a labour force that is inherently precarious and for whom, as you rightly said, changes need to continue to be made to EI so that it can support people who work in the kind of work you represent.

You had some strong recommendations on a universal threshold of around 360 hours. You talked about the protection of the EI fund.

When speaking about the issue of the social safety net, do you hear your members talk about the need for support for dental care, and for pharmacare programs? Should we be moving more towards supporting the needs of folks in precarious work?

Mr. John Lewis: We used to say that we were an unusual, unique industry, but unfortunately the whole employment field is turning towards more temporary, precarious work. There are a number of areas to consider. We have multi-employer health plans that address some of those issues. We really looked at the construction industry and copied a lot of what they do.

One of our members may work for seven different employers in one week. Every day it's a different employer. If you look at the more traditional forms of providing benefits, they would never fit. They would never hit whatever eligibility requirement was necessary.

I think it takes a real rethinking of how we look at employment, how we look at careers, because no one stays with the same

employer, and we have to relook at all of the social safety net and how it applies, and who's actually becoming eligible for these programs.

We've been creative. We didn't wait for legislation. We just did it ourselves, because we saw a gaping hole that needed to be filled, but I think EI is just one of many areas where we have to come to grips with the precarious work where our members literally have seven different employers in one week. That is not that unusual.

The Chair: Thank you very much.

First of all, on behalf of this committee, thank you, and my apologies to all of our panellists for how this went today in terms of the amount of time we had with you. The time we did have was very informative, and I thank you all very much for joining us today.

Thank you to all committee members, and also to all team members for filling in on all sides here today.

A big thank you to the people who, as always, make sure everything works well, and of course to all of the technicians and the translators.

We're off to vote, folks.

The meeting is adjourned.

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