



House of Commons
CANADA

Standing Committee on the Status of Women

FEWO • NUMBER 036 • 1st SESSION • 38th PARLIAMENT

EVIDENCE

Tuesday, June 7, 2005

—
Chair

Ms. Anita Neville

All parliamentary publications are available on the
"Parliamentary Internet Parlementaire" at the following address:

<http://www.parl.gc.ca>

Standing Committee on the Status of Women

Tuesday, June 7, 2005

• (1530)

[English]

The Chair (Ms. Anita Neville (Winnipeg South Centre, Lib.)): We're beginning our meeting today to continue our study of parental benefits for self-employed workers, and I want to take the opportunity to welcome both Myriam Paré and Bill James from the Department of Human Resources and Skills Development.

I think you have some idea of the scope of what we're looking at, so we welcome you here. We've had two meetings to begin our study of parental benefits for the self-employed worker, and we're here to hear what you have to say.

Mr. Bill James (Director General, Employment Insurance Policy, Department of Human Resources and Skills Development): Thank you very much, Madam Chair, for the opportunity to appear here today. It's my first occasion to appear before this committee, and I certainly look forward to a good discussion this afternoon.

I was asked to come today and talk a bit about the issue of maternity and parental benefits, and specifically in relation, I believe, to self-employment and the EI program in particular, so that will be the focus of my remarks.

We have a presentation that should be distributed shortly, but perhaps I'll take the opportunity to introduce myself. I am the director general of the employment insurance policy group at HRSD, and I'm accompanied today by my colleague Myriam Paré, who is the director of policy development in that same group.

What I thought I could do is begin our discussion by taking you through the presentation, if that's acceptable to you. I hope you'll find it to be of some use in the context of the work that you're beginning on self-employment and parental benefits, and that it would support a discussion later on.

One of the things I should do right from the start is preface my remarks by noting that there are a number of approaches and mechanisms, obviously, that the Government of Canada, other governments, and even those outside of government could utilize to address the issue of maternity and parental support. EI is but one of those programs, and it's the focus of my remarks here today, but I think it's important to keep that in mind in the context of looking at different options.

In the presentation, I'll start with some information on EI as it currently stands. Some of you may be familiar with the first part of the presentation I'm making, but I think it's useful to take account of that, how the EI program currently works around maternity and

parental for its current population in the contemplation of different uses of the program in the future and in the contemplation of addressing different groups such as the self-employed.

So I'll spend a bit of time on that context around the current program. Then I'd like to talk a bit about some general considerations surrounding EI access and the self-employed population, both in respect of special benefits and also in relation to regular benefits. Finally, I may be focusing in a bit more on the issue that I think is of most interest to you, which is maternity and parental benefit access for the self-employed, and some recent developments in that area.

With that, Madam Chair, I could begin.

The Chair: Yes. Go ahead, please.

Mr. Bill James: To recap some elements that are important to consider around the current EI program objectives, the program, as you know, is an insurance-based program that provides temporary replacement of employment income to persons who either become employed or are away from their workplace due to pregnancy, childbirth, parenting, sickness, and, most recently, compassionate care.

As some of you may be aware, the program has been a pillar program for over 60 years now in providing income security to working Canadians. Over that time it's evolved considerably to meet different objectives. If you look back at the inception of the program in 1940, it was obviously a very different program. It was focused on insurance principles and on a smaller portion of the employed population than we see today. Since that time, there have been a number of incremental changes to the program in response to the needs of the labour force and to address a broader range of employment risks. The program today strives for balance between insurance for job loss and a broader social role.

I'll speak for a minute about current EI benefits and coverages provided by the existing program. I think it's useful to keep that in mind when you're looking at serving different populations; also, it gives a sense of some of the strengths and weaknesses of the program in serving the current population.

As I mentioned, as an insurance-based program it provides, in return for premiums that workers and employers pay, assistance for a number of different risks, if and when required. Some of you may be aware that in 1996 some important changes were made to the program, one of which I'd like to highlight. It is related to providing first-dollar and first-hour-of-work coverage. The hours-based system that was introduced in 1996 is an example, I think, of how the program has changed over time to accommodate different work patterns. Evidence has indicated that this change has made an important difference in the program in terms of suiting the needs of people who hold multiple jobs, part-time workers, and those who work long hours for a certain part of the year. That change also resulted in extension of coverage to more than 400,000 part-time workers who were previously not able to access the program.

At the present time, EI is available to the vast majority of workers in paid employment in Canada. For regular benefits, persons can qualify with as little as 8 to 14 hours of work per week; for special benefits, about 12 hours a week will allow a person to qualify over the course of a year. Special benefits, for those who might be less aware of that category of benefits under EI, are maternity and parental benefits, sickness benefits, and, most recently, compassionate care benefits. All of those have a standard entrance requirement; it is different from the access to regular benefits.

Moving to access associated with the current program, at this point in time, as I've mentioned, the vast majority of Canadians have access to regular benefits. About 84% of contributors who recently lost their jobs would be eligible to collect benefits. Among the part-time population access is lower, but it is high as well—63% of women part-timers are eligible for EI, and 53% of men. That's a reflection of the different working characteristics of women and men in part-time work.

In terms of special benefits, EI is today helping millions of Canadians balance work and family responsibilities. Last year, we paid out about \$4 billion in supports to over half a million Canadians, and 70% of those claims for special benefits were by women. About 91% of EI contributors would be eligible for special benefits at the current time.

• (1535)

Continuing with current EI and maternity benefits, I'll focus more specifically on that issue.

Obviously the policy rationale for these benefits is both social and economic. It's part of the government's commitment to support parents during the first year of a child's life and a recognition that the support is very crucial in terms of the child's future development. It also increases choices, reduces work-life stress, and helps persons maintain a labour force attachment, making for an easier integration back into jobs after having children.

There have been many significant improvements made to the program in the past number of years, particularly in 2000, that have increased flexibility around the program and made it better able to support people in balancing work and family responsibilities.

Parental benefits were extended from 10 to 35 weeks in 2000. The flexibility of the program was increased in the sense that for the first time, it allowed parents to work while receiving parental benefits,

within prescribed limits, and the second waiting period for parental benefits was eliminated.

Access has been improved through a reduction of eligibility requirements from 700 hours to 600 hours, and a clawback of benefits against high-income earners has been removed.

Some of you may also be aware that on the provision for working while on claims, the department's annual monitoring assessment of that provision has indicated there's opportunity for improvement to that benefit. Earlier this year, the government announced a pilot project to take place in regions of high unemployment where those limits will be increased. This should help those receiving EI maternity and parental benefits to be able to work a little more during that period.

Of the \$1.2 billion spent on maternity and parental benefits last year, 94% was received by women.

I think it's useful to look at how the current benefits are performing in the context of looking at extending those benefits to new populations.

In terms of the current provisions for maternity and parental benefits, we think it works well for most employed Canadians who are presently targeted by the program. There have been some particular gains as a result of the changes that I mentioned in 2000. Since that time, we've seen an increase in the use of parental benefits by fathers. Mothers and fathers are now using about 91% of the full year that's available to them.

It should also be mentioned that among lower-income workers who can access a benefit called the family supplement, which tops up their EI benefits, that group on average takes the same duration for maternity and parental benefits as those not receiving the top-up. We believe that the family supplement is having its intended effect in supporting those persons as well.

As you're aware, the current program is designed for those in a traditional employer-employee relationship. While changes have been made to respond to changes in the workforce among the employed, particularly in better covering the part-time employed, obviously at this point in time it doesn't cover self-employed persons.

In terms of the impacts of the changes that have been made, I'll only cite one fact, which is demonstrative, from the changes made in 2000. This is a fact from a paper that's shortly to be published by McMaster University.

Prior to 2001, 64% of mothers receiving EI returned to work within seven months of having their children. In subsequent years, after the changes to the benefits in 2002 and 2003, we saw the number of mothers who returned to work in that timeframe drop to 16%. It's a significant increase in the time that mothers are spending at home.

• (1540)

Now we will turn our attention to the issue of self-employment as a work pattern. I believe the committee has recognized that this is an important and stable component of total employment in Canada. It represents about 15% of the nearly 16 million persons working in Canada right now.

This percentage has doubled since the mid-1970s, and in the most recent years we've seen some trend towards higher growth in self-employment than in paid employment. Overall, though, self-employment continues to be a stable proportion of total employment. It varies somewhat, but it tends to continue to be around 15%. The share of self-employed women has also remained relatively constant since 1999 at around one-third.

• (1545)

The Chair: Ms. Bulte.

Hon. Sarmite Bulte (Parkdale—High Park, Lib.): It's okay. I just want to put myself on the list.

Mr. Bill James: Now we turn more directly to the issue of the self-employed and employment insurance coverage. I thought it might be useful to share with you some of the results of our most recent polling on this issue. In my directorate, we've conducted annual surveys of public attitudes on the employment insurance program and related issues for a number of years. We use this to help inform us concerning potential public views on the program's strengths, weaknesses, and potential changes in direction. One component of these surveys relates to self-employed persons, and that's some of the information I'd like to share with you today. It gives us a sense of how the program is working.

Working from the latest results we have, which is this year's survey of March 2005, we continue to see selective interest among a self-employed population for benefits. Sickness and compassionate care benefits are the ones for which the self-employed in our surveys indicate the most support. Support for that type of benefit comes in at around 80%. Interest in sickness benefits has been particularly strong over the past five years.

In terms of maternity and parental benefits, there are some indications of increasing interest in that issue, and perhaps that's why the committee is looking at the issue. Our polling confirms there has been an increase in it over time. However, you want to see these trends occurring over time before you draw conclusions.

Evidently, among different demographic groups of self-employed persons, the interest varies widely in these different types of benefits. Those very interested in special benefits tend to be women, younger workers, and those with lower incomes of under \$20,000 a year.

In terms of willingness of the self-employed to pay premiums for receipt of benefits, there are mixed indications. There is some evidence that they indicate a willingness to pay premiums; however, they may not be as willing to pay both employer and employee

components of those premiums, as would be modelled in the current system.

Of those interested in maternity and parental benefits, in our most recent survey 80% indicated they are willing to pay premiums. However, more broadly speaking, and looking at special benefits generally, if persons were required to pay both employer and employee premiums, only about 60% indicated a willingness to do so.

In the feedback we've had in the department over the years, one of the things we've seen consistently is that many self-employed persons—although it's a very diverse population—place significant value on their self-employed status, and one characteristic of that is more of an independent control over their work situation, including not having to pay certain fees and premiums that employees do.

We are turning now to the next slide and continuing to look at the views of the self-employed, as indicated in our most recent surveys. We looked as well at the issue of mandatory versus voluntary participation in the program. Here views concerning whether it should be mandatory or voluntary are mixed as well. About half of the self-employed population indicated they would support a mandatory program for special benefits that would require payment of both employer and employee premiums. This compares to a strong preference of 80% for voluntary coverage in 2000, so there are indications that there may be some changes in the population there. At this point, though, at least based on our understanding of the data, it would be premature to say whether the results represent a long-term shift in views, and that's an area we are continuing to research.

• (1550)

Our polling also looked at the issue of time that self-employed persons thought they could take off work, particularly in relation to special benefits. There I think we got some interesting results that may be of interest to the committee.

While the majority of self-employed indicated they could take some time away from their jobs, most indicated that would be a period of less than three months. This was in the context of balancing responsibilities they have often as own-account self-employed, where there are no other employees in their company, and maintaining the relationships they need to maintain with clients and others. That leads us to have the view that addressing the needs of self-employed may require a different set of parameters than is currently available under EI.

Looking at access issues and around the self-employed generally dealing both with special and regular benefits, from a policy perspective, ensuring employment income of the self-employed is a real policy challenge. Exactly when and how you determine job loss is something that countries across the world have struggled with. Because most self-employed workers control their state of employment, it's difficult to determine when a worker is unemployed at any particular point in time. I'm addressing here the issue of regular benefits and job loss. If you look outside of Canada, there are very few countries that provide public insurance of job loss for the self-employed due to the challenges, I think, around providing that type of benefit.

If you look at the issue of special benefits, the picture is challenging as well. Some particular considerations in designing a benefit for this population include the diversity of characteristics and needs of the self-employed population. By its nature, it's not a homogeneous group. Roughly two-thirds of self-employed persons are men. In our past surveys they've not shown strong interest in the issue of maternity and parental benefits; however, they have indicated some stronger interest in other types of benefits, particularly sickness benefits.

Among the self-employed population you also have a fairly polarized income spectrum as well as education and desire for insurance coverage in terms of how much they purchase privately in terms of insurance.

Third, there are inherent costs to absence from work for at least two-thirds of the self-employed population who are own-account workers. There are limits in terms of the amount of time they can be absent from their jobs.

Last, we do see strong indications from a portion of the self-employed workforce that they have a preference to self-insure themselves or buy private coverage. This isn't necessarily a generalization that applies to all workers in that category, but it is a strong view held by some self-employed workers and may be a reflection of the different types of workers we have in that category.

I'll turn more directly to some of the policy and design challenges related to EI maternity and parental benefits and providing access to the self-employed. I'll touch quickly on some of those challenges. Some of the issues we're looking at, and that we think need to be looked at more closely, still relate to coverage and participation. Those include considerations around the appropriate entrance requirements for self-employed persons in accessing special benefits of different types. This includes the length of self-employment that is required to qualify and the period of earnings that's considered in determining benefit levels.

In our view, it's likely that introduction of coverage for this group would need to be done on a mandatory participation basis. This is a result of a natural tendency for individuals to opt into a program, if it's available on an optional basis, that they perceive they have a need for, but not necessarily to continue to pay into a program they see no need for. I think that's an important consideration. Perhaps it's one your committee has talked about already. In terms of how you run a program and whether it's a self-funding program, obviously those types of issues have important implications for the financial sustainability of the program.

●(1555)

Looking now at the benefits available and the financial considerations around them, one of the things that require consideration is that if benefit levels were similar under such a program to those under the current EI program, there would be a need to grapple with and deal successfully with the contributions of both employers and employees. Presently employers pay 1.4 times the contribution of employees.

Finally on that slide, there are the issues that require consideration around the appropriate type and level of benefits. We think that while it's not necessarily the case in all of the country, it may be worthwhile to consider a broader package of special benefits, as opposed to considering just the provision of one type of benefit.

Some advantages of looking at a package of benefits are that it may appeal to a broader population and that as well, from a legal perspective, there are considerations—at least within the current legislative context—around consistent treatment of maternity and sickness benefits.

Some countries have looked at providing benefits in the case of business failure—and this is more in the context of income replacement for job loss—but most countries don't offer that type of support, or haven't found a way to do it successfully yet. There are challenges with self-employed workers in looking at how to determine appropriate income replacement as a measure of earnings; these don't exist with the employed population.

Touching briefly on a couple of models that exist domestically around maternity and parental benefits, some of you may be aware that under EI fishing benefits there is a benefit available for maternity and parental. Self-employed fishers are covered for maternity and parental. The regulations for that program provide for basically the designation of employers; an employer is identified as a part of that process. It can often be the buyer of the catch, the head fisher, or the head of the crew. The employer who's identified takes on the responsibilities of premium payments and the reporting requirements that would normally be met by an employer in the traditional kind of employer relationship.

I believe the committee is probably aware that an agreement has been reached with the Government of Quebec concerning the introduction of a provincial maternity and parental program beginning January 1, 2006. Under that agreement, the Government of Canada will withdraw from the provision of EI maternity and parental benefits in Quebec, and Quebec will implement its own program and fund it through the introduction of a new premium.

The design parameters of that program include coverage for the self-employed, and although a lot of details still remain to be finalized associated with it, the indications we've received in the discussions we had along the way are that premiums would be addressed through the tax system for that population. Self-employed workers may be required to cover the cost of premiums relating to the employer and the employee; it's similar to a CPP model.

As I said, though, these parameters are still being determined by Quebec, and we expect there will be more information available from the Quebec government in the coming months.

•(1600)

Those are two domestic models. If we turn to international experience, it's difficult to draw comparisons between the Canadian situation and different international programs that provide income support and special types of benefits. We've put forward some general observations that apply if you look across different countries; we have tried to focus on the provision of maternity and parental benefits through an insurance type of program.

Looking internationally, first of all we tend to see provisions and programming for the self-employed that are different from those for paid employment. There are exceptions, but that tends to be the trend. Provision of parental benefits isn't as common as it is for maternity benefits. That's another common characteristic you see outside the country. More often than not it's compulsory coverage for this type of benefit, and we see quite a variation outside the country in terms of the strength, or the extent to which those programs operate based on insurance—i.e., self-funding principles—and the extent to which they're mixed with broader social objectives and include contributions from government. On the right you can see an example of how the British approach works. I won't go into that in detail.

We will perhaps just discuss for a few minutes next steps from the perspective of my group and our responsibilities vis-à-vis the EI program. Policy work will continue, broadly speaking, to support workers in managing family and responsibilities through the protection of income and job security, but I think it's important to look at the EI program in the context of the government's broader policies around these issues.

Obviously there are supportive roles the government plays in terms of early learning and child care. The government is undertaking consultations now to look at issues around caregiving and the development of a comprehensive caregiving strategy.

However, in an EI context, in my group and in HRSD we'll continue efforts to gain a better understanding of how our program might address the needs of the self-employed. One of the central issues being looked at closely in our area is whether an enhancement should look specifically at the issue of maternity and parental exclusively, or should look at a broader package of special benefits. This is among our department's high research priorities. In terms of our current plans, we are looking at deepening our work on international models and what can be learned that might be transferable to Canada from some of those different models.

As well, from my perspective, there's a need to have a more comprehensive understanding of the different characteristics of self-employment. They vary considerably, based on the labour market—rural, urban, and across the country—and when you're looking at a program from a national context, in the context of EI, those are important considerations.

In terms of engagement, we see ourselves broadening the discussion around self-employed issues and EI, particularly in relation to special benefits, and in that regard I look forward to any views or recommendations this committee would put forward on that issue.

From my perspective, self-employed in the context of EI is complex, but we're committed to looking at it and deepening our understanding of it, both in the short and the medium terms.

I would sum up by saying that I appreciate the opportunity to share some of our thinking on this issue with you here today, and I look forward to any questions or thoughts you might have on the issue.

Thank you, Madam Chair.

•(1605)

The Chair: Thank you very much for your presentation.

I have Mr. Scheer as our first questioner.

Mr. Andrew Scheer (Regina—Qu'Appelle, CPC): Thank you very much for coming.

This is the first time I've sat in on this committee. This is an issue I'm very interested in. I represent an area of Regina with a very high percentage of lower-income families, and these sorts of assistance programs are very important to a significant number of my constituents, especially when it comes to maternity and parental benefits. Being able to take time away—if they are fortunate enough to have employment—to look after their children for the first few months is very important.

I'd like to ask you a few specific questions about the two-week waiting period for maternity benefits. I understand that it's part of the overall waiting period of employment insurance program assistance, but is there a justification for having that two-week period specifically for maternity benefits? What's the rationale behind having that two-week buffer period?

Mr. Bill James: Sure, I could address that.

The two-week waiting period is an insurance-based program, and in contrast with perhaps more universal types of programs, an insurance-based program tends to have different characteristics from what you might see in other programs.

One that is common to insurance programs, and has been common to the EI program since its inception, is the idea of a co-insurance model that involves a waiting period prior to the receipt of benefits. That's a common characteristic among regular and special benefits and has been for some time. From an administrative perspective, it does have some utility as well in the sense that it allows for processing and verification of information associated with the application and the administration of an application for benefits.

I mentioned that I think the government's current view is that in terms of the extension that's been made to parental benefits in 2000 from 10 to 35 weeks, and the current cumulative duration of benefits at 50 weeks for maternity-parental specifically, the government's view is that's an appropriate balance at the present time in terms of length of coverage.

Mr. Andrew Scheer: The fact that they're receiving a far greater number of weeks with the benefits—the two-week waiting period becomes minimized because of the extension on the other end?

Mr. Bill James: Actually, yes, if you're adding 35 weeks of benefits, then it's a longer period, regardless of the way you look at it.

Mr. Andrew Scheer: Is there any consideration, though, that the maternity benefits aren't the same as an insurance program where you would assume there'd be elements of co-insurance and sharing a risk, because it's more of an assistance program to facilitate working women to have that support. So is there any sort of policy understanding where it's a little bit different from the other side of EI, which is more of an insurance program, more of a safety net, more of helping people through a transition period?

Mr. Bill James: To date, the government hasn't taken an approach whereby it would change the co-insurance principle in association with different benefits. But you've raised a valid point in the sense that the benefits serve different objectives. They are still, however, fundamentally based on an insurance-based approach, where contributions from employers and individuals pay for the costs associated with the programs.

I think the government's view is that the co-insurance and two-week waiting period are part of that overall program design.

Mr. Andrew Scheer: I want to speak to the issue of self-employed workers. You mentioned you had two surveys that noted a significant difference between support for making participation in EI mandatory between 2000 and now. What threshold of support would the department need to have to make participation in EI mandatory for self-employed workers?

• (1610)

Mr. Bill James: I'm not sure there's one particular number that would indicate yes or no. It's certainly an issue we've been looking at actively for some time—the self-employed population, and particularly around special benefits. I think you're correct to note that there seems to be an increasing interest in that area. That's perhaps a result of a changing composition of the self-employed.

But in regard to the question of whether there is a specific point at which the government would consider it appropriate to introduce something, that's something I couldn't respond to. Certainly we're looking at the issue.

Mr. Andrew Scheer: Is there an advantage to making it mandatory? Is it something you look into—that is, to make that completely voluntary? So we would allow those self-employed workers who are willing to pay both the employer portion of the premiums and the employee portion of the premiums to participate, but not to put it across the board.

Mr. Bill James: In terms of mandatory versus voluntary participation, those are two different models. From my perspective, the design of a voluntary program becomes very complex in terms of ensuring that if you're running it on a self-funding insurance basis, you deal with the issues of balancing when people want to participate in the program vis-à-vis the amount of benefits they receive. So our thinking to date is that it's likely most feasible as a mandatory type of initiative, and this is in fact what we see internationally, that most tend to go with the mandatory approach when they cover this population.

The Chair: Thank you very much, Mr. Scheer. We'll wait until the next round.

Madame Brunelle.

[Translation]

Ms. Paule Brunelle (Trois-Rivières, BQ): Good day, ladies and gentlemen.

I'd like to start with a comment concerning a reference on page 4 of your submission to coverage from the first dollar earned, or from the first hour worked. I find this statement misleading. A person has to have 600 hours of work to his or her credit in order to be eligible for benefits. Therefore, it's not a matter of being covered from the very first dollar earned, especially since there is a maximum insurable amount and a two-week waiting period, not to mention that a person only receives 55 per cent of his or her salary. I wouldn't want this type of coverage when I insure my home.

The government does not pay a penny into the Employment Insurance Account. The account is funded through employer and employee contributions. I'd like to know how much the federal government contributes in the form of fishing and other special benefits.

Mr. Bill James: Thank you for the question. I'll try to respond in English, as my knowledge of French technical terms isn't quite as good.

Regarding

[English]

“first dollar coverage” and first hour worked, I was trying to address the issue that pre-1996 one of the challenges part-time workers faced is that if they were working fewer than 15 hours a week they didn't receive coverage. You had multiple job holders, for example, holding part-time jobs in different places who cumulatively would have accumulated enough hours and earnings to receive EI coverage, but because there was this 15-hour exemption did not receive access to the program. The introduction of a requirement that counted all hours for qualification purposes and all earnings was one that addressed that issue and resulted in a significant increase in the number of part-time persons participating in the EI program.

Hopefully that addresses your first point.

In terms of the funding of current benefits in the EI program, those are paid for by worker contributions and employer contributions, so the benefits are paid for by workers and employers.

• (1615)

[Translation]

Ms. Paule Brunelle: Does the same apply in the case of special benefits and maternity leave? Does the federal government fund these programs in some way? This money is drawn from the EI Account, which is funded solely by employers and employees. Is that correct?

Mr. Bill James: It's an insurance program funded by employers and employees. The process is the same for both regular and special benefits.

Ms. Paule Brunelle: I remember when I received maternity benefits many years ago. I was always quite uncomfortable filling in the small employment insurance card and answering the question, week after week, as to whether I was available to work. Clearly, the question was ludicrous because I was on maternity leave.

In your opinion, should maternity benefits not be separate from EI benefits, since persons on maternity leave are not available for work? After all, we're talking about two different situations. Maybe then the government could contribute substantially to the program because, as I see it, children are a valuable resource in our society and should be part of the government's philosophy. Children are the ones who will pay for our pensions down the road. We need to send a clear signal and arrange for improved coverage, not benefits limited to 55 per cent of a person's salary. Raising a child is a very costly proposition for today's families. This explains why birth rates are so low. Few families can afford to have children in this day and age.

Mr. Bill James: Thank you, Madam. As I understand it, there are three elements to consider.

[English]

Concerning the first issue, I'm pleased to say that I think there have been some improvements in the administrative aspects of the program for those in receipt of maternity or parental benefits. The introduction of new technologies means a lot of that type of reporting can be done by phone.

I stand to be corrected—I'm not from the operational side—but I believe that now, unless someone is conducting work while on claim, there is an exemption provided. A person may not have to report every week on availability, but rather can report at the end of the period. So some streamlining and improvements, I believe, have taken place on the administrative side.

Concerning the integration of the maternity and parental program into the EI program, our belief is that there is a strong integration there and that there are definite benefits from having it within that program. Particularly with the work-life balance issues we're confronting in the labour market today, having the program administered within EI creates great strengths in facilitating people's move into and out of the workforce, but also between different benefit types. For example, I think about 30% of our claims for maternity and parental also involve a claim for sickness benefits during that time period.

So we see, under an integrated program that includes other benefits as well, a facility for claimants to move between those different types of benefits based on different circumstances. That's certainly facilitated by a program that supports those different elements of the program in one place. From a labour market perspective as well, we believe strongly that supporting a person's time at home with their child is fully consistent with supporting a return to the labour force and a balancing of those two issues, and there is evidence to support this.

The Chair: Did you have another thought on this?

Mr. Bill James: Madam Chair, if you'd allow me, I was just going to....

The Chair: Go ahead.

Mr. Bill James: I could address the issue of the replacement rate and the 55% rate as well. Obviously there are a number of considerations around those types of issues. The view is that 55% represents an appropriate balance between different considerations associated with the program, but it's also important to take into

account the length of benefits available in looking at the overall value.

What we see, in terms of Canadians' participation in the program, is that they're taking 91% of what's available to them in a full year, and we take that as a strong indication that the replacement rate is sufficient to support their absence from the workforce during that period.

As well, there is a top-up for persons of low income.

● (1620)

The Chair: Okay, we'll come back to that on the next round, if we might.

Ms. Bulte.

Hon. Sarmite Bulte: Thank you very much.

Let me begin by saying that I'm absolutely delighted to see that in your next steps you've included the self-employed benefits as a research priority. I don't know if you're aware, but in 2002 I chaired Prime Minister Chrétien's task force on women entrepreneurs. Certainly right across the country women, thousands of women, told us they were prepared to pay into a system to be able to get maternity benefits. I would say that was the number one consideration.

When I say "women entrepreneurs", you know that according to Statistics Canada, the majority of self-employed women are actually women on their own account—women who have no employees, essentially—and their average income is about \$14,000. If you're speaking to people who can afford to pay into insurance programs; I can assure you that these self-employed women are so by necessity—are so because they're trying to live out of poverty, and are so to make better lives for their children, so I would challenge that comment. In fact, they can't afford to pay into RRSPs, they can't afford to buy disability insurance, they can't afford to buy business interruption insurance, and that's one of the realities.

According to a report on the OECD, in the year 2000 Canada had more self-employed women than any other OECD country, yet most OECD countries do provide maternity benefits for their self-employed. In fact, according to the International Labour Organization, in a report in 1998, it was found that:

In many countries, the number of women entitled to maternity protection has increased mainly because of the extension of social security plans to women who were not previously covered, such as agricultural and domestic workers and the self-employed. In the Bahamas, Costa Rica, Finland, the Philippines, Portugal, Slovakia and Tunisia, for example, self-employed women are protected under the same qualifying conditions, at the same level of benefits and payment as employed women. Belgium, France, Gabon, Luxembourg and Spain have set up special systems to protect self-employed women during maternity.

I'm delighted that you put forward also the British model, but all of these programs have been in place since 1998 in other countries, so, again, I hope you'll be examining these models as well.

Again, I'm concerned that of all the self-employed who want to get their own private insurance, these women can't afford it. There is another statistic you have to look at, as well—according to Statistics Canada, between 1981 and 2001, the number of self-employed women in Canada increased 208%, compared to a 38% increase for men. Again, according to Statistics Canada, self-employment has grown faster in the past 25 years.

Now, I know Status of Women Canada has many stats with respect to the self-employed. I'm delighted that you're moving ahead on this, but also I think the numbers are there already. I think you've got to look at broader numbers than the ones you've taken. You're saying self-employed women are about a third; yes, but they're increasing at twice the rate of men. How much longer do we need to keep looking at these statistics to say the labour market realities are changing and there are more self-employed women, not necessarily because they want to be, but because they have to be? That reality needs to be addressed.

The Chair: Are there comments? Go ahead.

Mr. Bill James: Well, I agree with the point. Certainly it's an issue we're looking at. We appreciate any advice the committee could provide.

I should clarify that interest in buying private insurance is usually expressed by individuals around sickness types of benefits. It's not something we've seen in relation to maternity and parental benefits.

Hon. Sarmite Bulte: No, and I understand that, but generally these women earning \$14,000 have no money to put into.... They're already paying the CPP. That's required to be paid. There's no money for RRSPs; there just isn't. The reality is that maternity benefits would go a long way to help these women. We're not talking about women in multinational corporations here; of the 821,000 self-employed women in Canada, over 525,000 are on their own account—that's your term. That's the reality I would ask you to look at, as well.

• (1625)

The Chair: Thank you.

Next is Ms. Crowder.

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

I have a couple of questions around stats and I wonder if you could explain the difference. A number of groups have mentioned that women in particular have been disadvantaged by the changes implemented in 1996. The Canadian Labour Congress has done some extensive analysis based on information from the Statistics Canada labour force survey and from employment insurance data. They specifically mention that in 1994, 49% of unemployed women received what was then UI, and by 2001, only 33% of unemployed women received UI. That's one statistic I'd like you to talk about.

The other one relates to the length of time women actually stay on claim when they're receiving maternity. I'm not clear what period of time your numbers are referring to. A study by the steelworkers points out that in 2001, only 25% of women returned to work within eight months of starting their maternity claims; that is based on a 2003 Statistics Canada report called *Caring for an Aging Society*. I wonder if you could specifically talk about the differences in data gathering, because I know the department has consistently talked

about the increase in coverage, yet the perception from the general public is that there hasn't been an increase in coverage.

There is one other thing I'd like you to address, because I only have five minutes. I didn't understand that the regional unemployment rates weren't taken into consideration. I understood that it took 600 hours to qualify for maternity benefits, but I actually didn't understand that in areas of higher unemployment, where you only need as little as 420 hours to qualify for benefits, a woman would actually require 600 hours. That is the way I understand it. I wonder if you could speak to those two things.

Mr. Bill James: I'll do my best.

One of the challenges around EI is that there are always a lot of statistics, so one of the things I do, right up front, is draw your attention to a report produced for the minister of HRD every year. It's called the monitoring and assessment report. It's a report of the Employment Insurance Commission and looks very extensively at the program. It's tabled in Parliament each year. I have some copies with me today that I'd be happy to leave with you. It looks at all the different aspects of the program in quite a detailed way and compares those data from year to year. The research done in support of that report is peer reviewed, and it draws on StatsCan data as well as other sources.

In terms of the CLC document you referred to, I want to take a closer look at it, but I believe they're referring to a measure of coverage of the unemployment called the beneficiaries-to-unemployed ratio. It is sometimes referred to as the BU ratio. That measure looks at all the unemployed, whether or not they've contributed to the employment insurance program over the years. It includes people who may, for instance, be self-employed, or who may have been absent from the workforce for a long period of time, or who may not have been participating in the labour force or contributing to EI for various reasons. That is not necessarily the best measure of EI program coverage and EI program accessibility.

Ms. Jean Crowder: I will just interject for one moment, though. I assume they're talking apples to apples. If in 1994 they were looking at a percentage of the unemployed workers that included all of those workers, and by 2001, looking at the same measures, saw the percentage who had qualified for EI had substantially changed, then if they're still talking apples to apples, I'm not sure how that argument is valid.

• (1630)

Mr. Bill James: I'll address that issue specifically. We've seen changes over time in the makeup of the labour force. That can result in changes to the BU ratio. A change in the number of people participating in self-employment and contributing to the program can lead to changes in this BU ratio. BU ratio is one of the issues we report on in a detailed way in the monitoring and assessment report. We also look at two other measures of unemployment coverage. We address it in some detail, quite extensively, and we monitor it from year to year.

The changes over time have varied on a regional basis, so it also depends on whether you're looking at a specific region or looking nationally. These differences lead to some of the different stats that you're referencing.

In terms of the work relating to a person's time off work for maternity and parental benefits purposes and the StatsCan data, I believe that's drawn from what we call the SLID, or the survey of labour and income dynamics. It's the EICS—the employment insurance coverage survey. That is a survey done by Statistics Canada, supported by HRSD. It's reported on extensively in the monitoring and assessment report. The timeframe you choose can result in different numbers, but there is very strong evidence to indicate that a person's time off work on a maternity or parental situation has increased since the extension of those benefits.

Ms. Jean Crowder: The last piece was about 600 hours versus regional differences.

Mr. Bill James: Yes. The 600 hours entrance requirement is a common characteristic of all special benefits entrance requirements. It's a flat requirement that is consistent across the country, so it is different from the variable entrance requirements you referred to.

Ms. Jean Crowder: But it doesn't specifically address the regional disparities in employment rates, though.

Mr. Bill James: No. That's right.

The Chair: That's the end of that round.

Next is Ms. Grewal.

Mrs. Nina Grewal (Fleetwood—Port Kells, CPC): Thank you, Madame Chair.

I would like to thank the witnesses for your time and your presentations.

I've got a couple of questions on coverage. Has Human Resources and Skills Development Canada studied the issue of broadening accessibility to EI special benefits, including the extension of special benefit coverage to self-employed workers? Are any of these studies available to the public?

My third question is if EI coverage of self-employed workers were limited to special benefits, do you think it would be difficult to determine an appropriate premium rate for this limited coverage? Would self-employed workers have to pay both the employer and the employee premiums?

Mr. Bill James: Thank you very much for the question.

Broadening access to the self-employed is an issue we're working at from a policy perspective. Some of the studies we undertake are available publicly. Examples would be the annual polling we do, one component of which looks at the self-employed.

On the question of whether it would be difficult to determine a premium rate for the self-employed, that is an issue we could successfully manage. It's one we had to grapple with in the negotiation of an agreement on parental benefits with the Government of Quebec. There we were successful in arriving at a model and a methodology that look at the cost of those benefits very specifically, so I think it's doable, at least from a technical perspective.

The issue of contributions on the parts of both employers and employees for both portions of the cost of the program would have to be dealt with if you were running a program on a self-funding basis. That's not necessarily to say the only model would be that of

the self-employed making the contributions to cover both sides of it, but it tends to be the model most commonly looked at. As well, I think it's the model Quebec will adopt.

• (1635)

Mr. Andrew Scheer: You were talking about compassionate caregivers earlier in your presentation. One of the things a lot of my constituents ask me is the definition of who can apply to be a compassionate caregiver. Am I correct in saying there's a specific, defined relationship that you have to be, in order to qualify as a compassionate caregiver? You have to be a certain relation to the person who's ill—is that correct?

Mr. Bill James: The answer is yes. There are criteria concerning application for a compassionate care benefit.

It's worth noting, I think, that the program has just completed its first year of introduction. Canada is one of the few countries that has a benefit in this regard. California has since modelled one based on our program.

The government, when it announced the benefit and implemented it, committed to reviewing the program after one year. That review is under way right now. Among other issues being looked into carefully are the criteria around eligibility for the benefit—whether they are appropriate and whether changes should be made.

Mr. Andrew Scheer: I'm glad you mentioned that, because certain people have contacted my office to express a deep desire to be able to participate in it. They have someone who's close to them, perhaps a family member, who isn't in that defined set of people who are eligible, and they're not able to access the program. They're not able to qualify for it. They may even have been cohabiting with this family member or close personal friend, and they feel they should be able to access the program.

When you look at someone only getting 55% of their income, I don't think the fear that it might be subject to abuse is entirely valid. I understand there's a lot of consideration in there, but people aren't going to go looking to get rid of 45% of their salaries in these sorts of situations.

I guess I'll try to get those people who have brought this concern to me involved in the review process, and to make the recommendation that the definition of who can qualify as a compassionate caregiver be expanded, or at least be looked at for expansion.

Mr. Bill James: Certainly the issue of the qualifying relationships is one we've become aware of. We're looking at it closely. In designing the benefit, we didn't have a model to work from; we based the qualification requirements on the research we were able to conduct with people in this situation, and our research continues to indicate that 90% to 95% of persons in that situation fall within the current definition of relationships that we've framed within the legislation right now. These persons who may not fall within it right now are an area of concern to us, and we're looking at it closely.

The Chair: Thank you.

Ms. Torsney.

Hon. Paddy Torsney (Burlington, Lib.): I was thinking, as Mr. Scheer asked his question, what a difference a few years and a balanced budget make. When I first came to Parliament, everything was cut, cut, cut, cut, cut. We had all these deficits. Mr. James, you're working in one of the most exciting areas of the government, because we have support for things like compassionate care and improving—

Mr. Andrew Scheer: Excuse me—there's the EI surplus, too.

Hon. Paddy Torsney: I'll address that.

Of course, the EI surplus is good because the economy is good. The government's under the full liability of any EI obligations if the economy turns down. We don't have to get into the little details, but thank God we're in an EI surplus.

But I think it's more important than an EI surplus. It's been a change in philosophy in supporting Canadians with parental leave. It gave access to men to take time off when new children were there. It improved benefits for all employees to care for some categories of compassionate. We've had an experiment; we've tried it out; now we understand where there's opportunity to move further.

That's a critical change in how we approach the issues, compared to 1993. You are working in a really exciting area. Now we're identifying the next step, so the research is important. You see the trends that you've identified—or the changes, rather—in support for these programs. I remember many young entrepreneurs coming to me in the early years, asking how come they didn't get access, but saying they didn't want to pay for too many years. Now, of course, you're getting 91% of parents using the full-year coverage.

We have had huge changes. I think you said that prior to the changes, 64% of women who had a baby were back in the workforce after seven months. Now we have just 16%. That's tremendous for families. We're offering choice. I think it's terrific.

The next step will be figuring out a way to provide for self-employed people, so your research is helpful.

As we're looking through these policy development processes, and in relation to other work this committee has done, could you tell us about the gender-based analysis? That's because self-employed workers are, as you mentioned, 75% male versus 25% female. I would imagine, since women generally are still producing the babies, their needs are very different. Since women are still providing some of the compassionate care, could you tell us if we've been able to look at those changes and see what the take-up is and how this would be structured, based on the experience and the gender-based analysis that I would hope you guys are doing?

•(1640)

Mr. Bill James: Thank you very much.

It certainly is an interesting area. There have been lots of improvements going on, certainly, since I've been there.

On the issue of gender-based analysis and women, my particular context is, of course, the employment insurance program. It is an issue we look at very closely; we report on it with specific sections in our annual report.

In last year's report it's largely a good story around women's labour market incomes vis-à-vis men's. We see that women's labour market participation is increasing, and that employment growth for women last year was actually significantly higher than for men. In terms of their access to the EI program in recent years, the trends are positive as well.

I think we're largely reaping those benefits from improvements made to the program over the years.

Hon. Paddy Torsney: In terms of designing the policy changes, are gender-based analyses being done in terms of how there will be an impact on men versus women?

Mr. Bill James: Yes, sorry, I didn't mean not to respond to that. In doing our work, we look very closely in terms of women and men, and in terms of different demographic groups as well.

Hon. Paddy Torsney: The other issue is part-time workers. You mentioned it in terms of every hour being covered—some people working two part-time jobs may lose one job and need the income replacement, so they're entitled to some EI because of the other job and all the hours accumulated. That was different from the past system. For some people it has been a benefit, but clearly some people are still saying that if you only have one part-time job, getting the 600 hours is harder.

Has there been some analysis done on how we can improve the benefits for this class of worker? Is that under study, even though we're really here about parental leave?

Mr. Bill James: In terms of the qualifications related to part-time workers specifically, the evidence we've gained through monitoring the program indicates that the changes made over recent years have been positive, from the perspective of coverage of self-employed workers.

One of the really important things about an hours-based system is that even if you're working only for short periods of time, if you're doing it over a full-year basis, all those hours add up for qualification purposes.

If you have very limited labour market attachment, we do have a refund approach that will refund someone's premiums if they're not in a position to collect EI and have very low earnings, so there is an approach there.

In terms of regular benefits, the unemployment rate is another important consideration in terms of EI's responsiveness. For regular benefits, access is very much enhanced and durations are longer where the unemployment rate is high, and vice versa in areas where it takes less time to find employment, but with as little as eight hours of work per week, someone can qualify for regular benefits.

Hon. Paddy Torsney: Okay, and I—

The Chair: We're just at the end. Can we come back on the next?

Hon. Paddy Torsney: Sure.

The Chair: Okay. Next is Madame Bonsant.

[*Translation*]

Ms. France Bonsant (Compton—Stanstead, BQ): Good day.

I have two questions for you. I'll like to start with compassionate care benefits. You say that this particular program has been in place for one year and that certain criteria should be amended.

It's inhumane to limit compassionate care to six weeks. Everyone knows that it's impossible to predict when a woman will give birth or, for that matter, when a person will die. Emotionally, it's very difficult to lose a loved one, even more so, to have to say goodbye to that person within a six-week period. Therefore, it's important not to set a time limit on benefits for informal caregivers. I find this measure inhumane.

Moreover, did you not in fact say that according to some indications, maternity leave premiums should be paid out of one's taxes, which would mean that a person will pay both the employee and the employer share at tax time?

Would this apply only to women entrepreneurs? Would male entrepreneurs also be paying maternity premiums? Despite the miracles of modern medicine, I've yet to see a man give birth. What approach are you planning to take?

• (1645)

Ms. Myriam Paré (A/Director, Policy Development - Employment Insurance Policy, Department of Human Resources and Skills Development): Let me start by answering your first question.

With respect to compassionate care benefits, as I believe Mr. James mentioned earlier, we really don't have a model on which to base ourselves. This is a new program and there are few like it elsewhere. Consequently, we relied a great deal on research and on questions asked of persons who experienced this situation first hand.

The six-week period was set based on our discussions with persons who had lived through this. We heard how people who had cared for a gravely ill close relative had to miss work anywhere from one to six weeks. That was the answer given by the vast majority of the people we talked to. We used the information to determine the length of the benefit period in this case.

We pledged to review the program after one year precisely because we would then have additional data to consider in order to ascertain people's genuine needs. Then, we could make any necessary adjustments. At the outset, we did not have much to go on. We relied on what people told us, and we are looking at how the program has been used.

Ms. France Bonsant: Can you tell me how many weeks of compassionate leave people used on average last year?

Ms. Myriam Paré: The figures we have are quite preliminary because they were somewhat late getting to us. However, for the period ending in late December, our figures show that people used on average four and half weeks of compassionate leave. I repeat, these are only preliminary figures. In fact, people can use up their six weeks over a 26-week, or six-month, period. They can decide at one point that the person who is ill really needs them to be there, and take

two weeks of leave; later, they can use another week, and so on. Based on the benefits paid out by year's end, we determined that the average period for compassionate care leave was approximately four weeks. This average could be adjusted slightly if people decided to split their weeks and take leave to care for a sick person.

Ms. France Bonsant: Can more than one family member care for the person who is ill without incurring any penalty?

Ms. Myriam Paré: Yes.

Ms. France Bonsant: Do you have an answer to my other question?

Mr. Bill James: I didn't understand the question clearly. Could you be more specific?

Ms. France Bonsant: I can explain it to you, if you like.

Mr. Bill James: By all means.

Ms. France Bonsant: It would seem that in order to be eligible for maternity benefits, private sector entrepreneurs must pay the premiums out of their taxes. Does this apply only to women entrepreneurs? Will male entrepreneurs also be required to pay premiums?

Mr. Bill James: Both would likely pay the same premium. That's usually how it happens.

• (1650)

Ms. France Bonsant: What purpose would it serve for a businessman, a confirmed bachelor, to pay premiums for maternity benefits? Could this be just another hidden tax?

Mr. Bill James: That was the challenge I mentioned during the discussion on the range of benefits available to this group. Obviously maternity or parental benefits apply to a smaller number of people. However, a man could be eligible for special benefits—sick leave benefits, for instance.

Ms. Myriam Paré: I would just like to add that according to our studies over the years, self-employed workers are most interested in illness benefits. If we must look at extending benefits to self-employed workers, perhaps it would be preferable to extend a range of benefits to different categories of workers.

Ms. France Bonsant: Getting back to compassionate care benefits, what percentage of men take leave to care for a sick mother or father? In my view, the number must be very low.

Ms. Myriam Paré: It's possible that a man, an only son, may want to care for his dying parents. Such cases do exist.

Ms. France Bonsant: I'd like to see some comparative data on the number of men who take leave to care for their sick parents versus the number of women who do so.

[*English*]

The Chair: Madame Bonsant, I think we're well over the time.

Ms. France Bonsant: Okay. Excuse me.

The Chair: I have Ms. Crowder and then Mr. Powers.

Ms. Jean Crowder: Thank you.

I just want to get comments.

Given the perception of differences between the statistics the department puts out, the statistics that come from other organizations, and some of what we have heard from women's organizations about feeling disadvantaged by the system, I think a reality check needs to happen. There is very much a different perception that women have been disadvantaged by the changes. I would encourage the department to try to reconcile those differences so we could have a more accurate reflection on that.

The other related issue is that in connection with our discussion of the changes in the labour market, and this being somewhat reflected in it, what some provinces saw was a shift from employment insurance to increases on income assistance as a result of some of those changes in the legislation, as well. That's, again, just another comment.

I haven't followed the compassionate leave issue that closely, but I wanted a clarification. My understanding is that somebody needs to be considered terminally ill in order for the caregiver to qualify for compassionate leave. I heard a somewhat heartbreaking story on CBC about a family in which a child had been diagnosed with cancer, and the physician wasn't prepared to indicate that the child was terminally ill. Therefore, the parents could not qualify for compassionate leave. The physician's stance on it was that the family and the child always need hope. Could you comment on that aspect of it?

Mr. Bill James: In terms of addressing the differences between some of the perceptions around the employment insurance program and different perspectives on coverage, we're very interested in the three issues you've raised and we try to address them in a comprehensive way.

One of the challenges is that EI is a very complex program, and it's difficult, sometimes, through verbal discussion, to get all the facts around the table. For example, in response to some of the concerns raised around BU coverage, what we've done in this year's monitoring and assessment report is significantly expand the reporting on that measure of access to EI, and we presented it in the context of other measures as well. That's one of the efforts we've taken to try to make sure there's a good understanding of the different measures that are out there, and the strengths and weaknesses of those measures. We recognize that all the measures are important and have their different uses. We do as well, of course, try to respond in a comprehensive way, when we have the opportunity, to concerns that are expressed.

I'd be remiss if I didn't recognize that some of the changes implemented in 1996 had the effect of restricting eligibility to EI in certain situations, but I take the opportunity to point out, as well, that since that time the government has annually increased benefits in the program by \$2.5 billion a year. The program has expanded significantly, and each and every change made since 1996 has been in that direction. At the same time, EI contribution rates have now been reduced consecutively for 11 years in a row. I think that's an important consideration.

In terms of the qualification for compassionate care benefits, yes—and you can correct me if I'm wrong here, Myriam—it does require that someone be at significant risk of death within, I believe, a six-month period. That criterion was arrived at in consultation with the Canadian Medical Association and doctors involved in palliative care. We developed the medical form used as part of the application process with doctors and have consulted them closely around this issue of the prospects of someone's passing away within a certain period. Our objective has been to make it available to people when someone is gravely ill or at significant risk of death. It's meant to provide coverage during that last crucial period when people face work-life conflict. It is one of the issues we're looking at in our evaluation. We're going to look at it closely and see if there are opportunities for improvement.

• (1655)

The Chair: Thank you.

Ms. Torsney, do you have more questions? I have one afterwards.

Hon. Paddy Torsney: I think the issue Ms. Crowder raises also happens with disabilities. Sometimes you have a physician who won't agree that you're permanently disabled and therefore you can't get.... So does it have to be the primary physician, or can you get another physician, who is willing to sign something saying that the person is terminal?

Mr. Bill James: I understand that it has to be a physician who is involved in providing care to the individual, but I don't believe it's restricted to one individual per se.

Hon. Paddy Torsney: Okay, because that may be the way around that. There are many doctors on the team, and it does seem a bit punitive if....

I have a couple of questions. The ceiling for maximum insurable earnings is \$39,000 and the low-income cut-off on the 80% top-up is \$25,921. Those rates were set in 1996. Is there a desire to index those? At the time in 1996, we didn't index the deductibility of basic personal income and, more specifically, the tax brackets, so we have had bracket creep. Is there a move to address this?

One of the benefits of parental leave, or maternity benefits anyway, is the reachback on training for five years. I wonder if that would be applicable to self-employed workers as well. So if you had paid into it for a certain period, and you didn't go back into the workplace or the paid labour force for five years, could you make a claim for that or get access to it?

Has any work been done with the Canada Revenue Agency in terms not just of the underground economy but in terms of reporting? Because self-employed people generally try to structure their earnings in the most advantageous way to pay the lowest tax. By providing these benefits, it would be in people's interest to have a higher income, up to a certain amount, so you could actually have people wanting to report more income to generate better benefits, at least up to the \$39,000.

Again, on the splits, it's interesting. Of course, Ms. Bonsant has identified that single males not attached to anybody aren't necessarily interested in parental leave, but the disability or the sickness benefits would be advantageous. In the breakdowns in your gender-based analysis, I imagine you've got who wants this benefit versus that benefit, and you've got to find a package that all people will be willing to pay into, and you have to demonstrate that there are benefits to them. I guess that's even the changing labour force, so that Mr. Scheer would be interested in parental leave, versus older males, who wouldn't have been interested in the past.

Some hon. members: Oh, oh!

Hon. Paddy Torsney: I'm sorry...but it's changed the nature of work stages and people's relationships and their ability to support their children and spend time with them. You're dealing with a workplace that hasn't remained constant since we started this process, so I'd just throw that out there.

You get to comment now.

• (1700)

Mr. Bill James: There are a few questions there, and I'll try to be brief.

In terms of maximum insurable earnings, you're correct that they've been at \$39,000 since the reform. There is a provision that would see those rise in accordance with the average industrial wage, when that wage catches up to \$39,000. I believe that wage is about \$36,000 right now, or thereabouts. At the point when it rises above \$39,000, it will be indexed and will follow that.

Regarding the family supplement and the criterion with that, I believe you're correct that it isn't indexed at the present time. That's one of the issues we've been monitoring closely in the report. We've seen a reduced number of people qualifying for the family supplement over time, which is a natural effect associated with rising wages. So the government's report says that the decreasing number of persons qualifying in that area is something that needs to be looked at. It's definitely something we are looking at and that has been brought to Parliament's attention.

In terms of the reachback, that's a good question. I wouldn't really have a view, at this point, on whether or not that aspect would be applicable to the self-employed, but it's certainly on the list of things that we'd want to delve into more as we go forward in the next year or so.

As for whether self-employed earnings would be covered to \$39,000, I think you've raised a good point that it could encourage some increased reporting of income. I'm not too sure what the overall balance would be, which is not something we've looked at. We would need to look at the appropriate amount of coverage, though, and at the appropriate replacement rate.

I'm sorry, but I've lost the final question.

Hon. Paddy Torsney: It was more an observation that the workplace has changed. When an employer looks at a young woman now they don't say, oh, she might have a baby. They're hopefully looking at young men as well and evaluating, oh, they might have babies. Both of them are equally employable and could be leaving

for family obligations, so it has changed. It's the same with compassionate leave.

Certainly that has created a newer environment in terms of the types of benefits that self-employed, primarily men, would be looking for as well. You're not in a static world. With each year we'll have more and more men interested in these benefits.

Mr. Bill James: Yes, we are looking at each individual benefit specifically, vis-à-vis the different gender breakdowns.

I think we can learn quite a bit from the introduction of Quebec's program, which is focused on one single benefit. I think there will be information available to all governments around that program.

The Chair: Thank you.

I have Madame Bonsant down for another question.

Let me ask on this side if there's a desire for another round of questions. Ms. Crowder is shaking her head, and Ms. Grewal is shaking her head. Okay.

Go ahead, Madame Bonsant.

[*Translation*]

Ms. France Bonsant: You stated that workers are entitled to take six weeks of compassionate leave over 26 weeks. Does any kind of waiting period apply?

Ms. Myriam Paré: Yes. As is the case with other types of employment insurance benefits, there is an initial two-week waiting period, following which the six-week period commences.

Ms. France Bonsant: Does this mean that if I decide to split these weeks into three separate periods, I'll have to wait two weeks each time?

Ms. Myriam Paré: No, there is only an initial two-week waiting period.

Ms. France Bonsant: Therefore, we're really talking about four weeks then, not six weeks.

Ms. Myriam Paré: No. A person's job is protected for eight weeks.

Ms. France Bonsant: I understand. A person takes two weeks' leave at his or her own expense and then receives benefits equivalent to 55 per cent of his or her salary for six weeks.

Ms. Myriam Paré: Correct.

Ms. France Bonsant: The patient better hurry up and die before the eight weeks are up.

[*English*]

The Chair: Are there any other questions from members of the committee?

I have a question.

We talk about the maternal and paternal benefits within the EI system. I've talked to others who believe we should be exploring other systems, or creating another platform in which to provide extended benefits or access to benefits. Have you done any exploration of that? Is it within your mandate? Do you anticipate doing any research on it when you move forward on this issue?

•(1705)

Mr. Bill James: I think that's a very important question, and something the committee should consider.

My knowledge and responsibilities relate obviously to the EI program. But as I mentioned at the beginning of my presentation, it is really just one model for providing this type of support. It's an insurance-based model, so it comes with benefits.

Overall, though, I think it's the view of the government that there are strong advantages to integrating—at least in Canada's context—maternity and parental benefits with the other types of benefits we've got under EI. Certainly on the authorities we have to provide those benefits, they're done within the context of the EI constitutional head of power. However, there are other mechanisms that could be used.

The Chair: Okay.

Let me thank you on behalf of the committee for coming here today. I suspect we may well be calling you back as we move further along in this study, as it is an issue of some priority for us. Thank you. I think your presentation today was very helpful.

If you come across any further information that you think would be of benefit to the committee in our study of this, would you let the clerk know? He will pass the material through to us.

Mr. Bill James: Certainly, I'd be happy to do that.

I thank the committee very much for the opportunity to speak today.

The Chair: Thank you very much.

The meeting is adjourned.

Published under the authority of the Speaker of the House of Commons

Publié en conformité de l'autorité du Président de la Chambre des communes

**Also available on the Parliamentary Internet Parlementaire at the following address:
Aussi disponible sur le réseau électronique « Parliamentary Internet Parlementaire » à l'adresse suivante :
<http://www.parl.gc.ca>**

The Speaker of the House hereby grants permission to reproduce this document, in whole or in part, for use in schools and for other purposes such as private study, research, criticism, review or newspaper summary. Any commercial or other use or reproduction of this publication requires the express prior written authorization of the Speaker of the House of Commons.

Le Président de la Chambre des communes accorde, par la présente, l'autorisation de reproduire la totalité ou une partie de ce document à des fins éducatives et à des fins d'étude privée, de recherche, de critique, de compte rendu ou en vue d'en préparer un résumé de journal. Toute reproduction de ce document à des fins commerciales ou autres nécessite l'obtention au préalable d'une autorisation écrite du Président.