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Chair

Ms. Raymonde Folco

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

Tuesday, June 14, 2005

• (1100)

[Translation]

The Chair (Ms. Raymonde Folco (Laval—Les Îles, Lib.)): This is the 41st meeting of the Standing Committee on Human Resources, Skills Development, Social Development and the Status of Persons with Disabilities. Today is Tuesday, June 14, 2005.

Pursuant to Standing Order 108(2), the committee shall study the government response to the report on employment insurance funds.

[English]

We have today as our witness, in her first appearance before this committee, Minister Stronach.

[Translation]

Ms. Christiane Gagnon (Québec, BQ): Excuse me, Madam Chair. We had agreed that our study of Bill C-280, a bill which pertains to a stand-alone employment insurance fund, would be given priority as soon as the Speaker gave his ruling on the matter of royal recommendation. After his ruling was handed down yesterday afternoon, I called you to request that the minister's appearance before our committee be postponed in order that we could proceed directly with adopting Bill C-280. You sent me a little note to say that the Speaker had ruled that a royal recommendation was required; however, as the Bloc Québécois has tabled a motion on this subject, I do not believe that this ruling should prevent us from giving priority to our study of Bill C-280. Bills always take precedence over other committee business.

What are your feelings on this matter?

The Chair: Thank you, Ms. Gagnon.

I would like to make a couple of small points.

Excuse me. Mr. Adams.

[English]

Hon. Peter Adams (Parliamentary Secretary to the Minister of Human Resources and Skills Development): With respect to that, I know you'll be considering the decision. But I listened very carefully to what the Speaker had to say, and it seemed to me that on virtually all counts, it was agreed that royal recommendation would be necessary. I can accept that the committee may well have to decide what to do with the bill, but to proceed to clause-by-clause, with a ruling as strong as that, seems to me to be inappropriate.

[Translation]

The Chair: Ms. Gagnon, allow me to answer your question. Firstly, on the matter of timing, the motion tabled by Mr. Lessard on June 2, 2005 read as follows:

That the Speaker rule expeditiously so that the Committee can dispose of the bill clause-by-clause before the holidays.

That being said, I have already moved to seek out legal opinions as to how, in light of the Speaker's ruling, the committee could approach Bill C-280. I will be attending a meeting on the matter either today or tomorrow. With the agreement of committee members, I propose that we continue, or indeed that we start, our meeting with the minister as planned. On Thursday, I will be in a position to share with you a plan as to how we can tackle Bill C-280 in light of the Speaker's ruling.

Ms. Christiane Gagnon: You are free to seek out legal opinions, but that does not prevent us from doing our work. There is nothing to stop us from moving amendments. The Conservative Party, for example, has already moved far more explicit amendments on the employment insurance fund, amendments which reflect the report on suggested improvements to the fund that was adopted unanimously by the members of the Subcommittee on the Employment Insurance Funds. I have made inquiries, and I know that the ruling does not prevent us from referring the bill to the government. It is then up to the government to decide whether to approve the improved version of the bill, which reflects concerns that have been expressed, and also addresses the scaremongering tactics that the government has employed to dissuade people from supporting a stand-alone employment insurance fund.

You said the matter will be dealt with before the holidays; the holidays begin when the session ends, and the session could end next week. We will not simply abandon Bill C-280 and the idea of a stand-alone employment insurance fund. We have heard testimony on the subject, there is a Quebec-wide consensus that a stand-alone fund is required, and it is our intention to state our position on Bill C-280, regardless of the outcome of the vote. I am worried that we will not have time to deal with it next week. You yourself said that you will share your plan with us on Thursday, which means that we shall not be able to start studying the bill on Thursday. We have no time to lose.

If you are adamant on hearing from the minister, we should perhaps schedule additional meetings, starting tomorrow. I know that we would have to vote on such a proposal. We want to be informed of the schedule for dealing with Bill C-280 before Thursday. As the committee had already decided to make it a priority, that means that it has to be done before the House rises, and we should therefore schedule additional meetings.

• (1105)

The Chair: Thank you, Ms. Gagnon.

Mr. Adams.

[English]

Hon. Peter Adams: Madam Chair, I would like to repeat my point. We have no objection to returning to Bill C-280, but we're very doubtful that, given the strength of the ruling, we would have received the clause-by-clause. I agree with you that we should proceed with today's meeting and then when you've got a legal opinion the committee should return to it and at that point decide what it's going to do, not proceed to clause-by-clause.

The Chair: This was definitely my intention.

I have Mr. Martin, Mr. Forseth, and Mr. Lessard.

Mr. Martin, go ahead, please.

Mr. Tony Martin (Sault Ste. Marie, NDP): I don't want to be disrespectful of the minister's time and the fact that she's here this morning, but I think this is an important point and we need to make it. This is a very important initiative brought forward by the Bloc. We've had a minister before us here who indicated that the surplus in the EI fund is virtual, that it doesn't really exist anywhere, that it's just somebody keeping track of numbers or something. Certainly that's not the reality, and it's not what—

The Chair: I hate to interrupt you, Mr. Martin. I do not intend today to discuss the Speaker's decision. I intend to do this on Thursday. If you have any comments about the minister or the discussion generally speaking around Bill C-280, as to whether we should do it today or not, that is acceptable, but any discussion as to the content of what the Speaker had to say I'm going to have to rule out of order, Mr. Martin.

Mr. Tony Martin: That's fine, and I was hoping to get there, if you would just allow me.

I think given the attitude of the government towards this surplus and the fact that this money really belongs to the workers, who had it invested on their behalf so that they could be taken care of in the period in their life when they were having difficulty, we need to expeditiously and quickly get to dealing with this. I heard the member for Chambly say very clearly last week that we needed to move expeditiously on this, and we all agreed. It was a motion approved by the committee.

I don't understand why it is we're not dealing with Bill C-280 now, this week, so that we can get it through and done before potentially rising next weekend. I'm on the record as supporting those at committee who would have us move very quickly, even today, on Bill C-280 so that we could get it done and get it back into the House and dealt with there.

La présidente: Thank you, Mr. Martin.

Mr. Forseth.

Mr. Paul Forseth (New Westminster—Coquitlam, CPC): We will deal with all of this on Thursday. The minister is here. The members have already wasted a lot of the time of the committee. These things were decided. We've been trying to get the minister here for quite some time. We're not now going to mess around with Bill C-280 or further discussions of it. We are going to deal with it on Thursday, and that's it. That's the end of the discussion.

The Chair: Thank you, Mr. Forseth.

[Translation]

Mr. Lessard.

Mr. Yves Lessard (Chambly—Borduas, BQ): Madam Chair, Mr. Adams said something very important, which I feel deserves some thought. He argues that in light of the Speaker's decision, we may not have to study Bill C-280. That is what I understood him to be saying. It is important for us to discuss this right now. Personally, I am of the opposite view. If you reread the Speaker's decision, you will see that he in fact said that the decision would be made in light of the committee's recommendations.

The Chair: Mr. Lessard, I will not entertain any argument going to the substance of the Speaker's decision. I would ask you to confine yourself to the question before us: should we discuss Bill C-280 or have the minister here today? I repeat that we will discuss the substance after we get legal advice as to the strategy this committee could take to study Bill C-280 properly.

• (1110)

Mr. Yves Lessard: That is what I am talking about, Madam Chair. I respect what you have just said, but you let Mr. Adams talk about the same issue I am addressing.

The Chair: But his remarks were quite brief, Mr. Lessard.

Mr. Yves Lessard: I don't understand why you are saying that mine are lengthy, Madam Chair. I didn't even finish my sentence.

With all due respect for the opposite view, I think we should start clause-by-clause consideration of Bill C-280 today. That would reflect the spirit of the Speaker's decision.

Madam Chair, you can do something I can't do: talk and listen at the same time.

The Chair: That's for sure, Mr. Lessard. I'm older than you and I developed that skill a long, long time ago.

Mr. Yves Lessard: I'm glad about that, Madam Chair.

The Chair: The skill is called multitasking. Women often have that skill.

Mr. Yves Lessard: I'd like to hear you repeat what I said.

The Chair: Keep going, Mr. Lessard.

Mr. Yves Lessard: Madam Chair, that is the connection with the Speaker's decision, and that is why we should be debating it today. It is based on the decisions and recommendations we make following clause-by-clause consideration that cabinet will be able to decide which sections require royal assent. Therefore, like my colleagues, I am of the view that we should proceed to consideration of Bill C-280 relatively quickly if we want the House to receive our report before the holidays.

That is the spirit of the proposal, Madam Chair.

The Chair: Thank you, Mr. Lessard.

Mr. D'Amours.

Mr. Jean-Claude D'Amours (Madawaska—Restigouche, Lib.): Madam Chair, I get the feeling that we are having a debate instead of following this morning's agenda. I would ask, Madam Chair, that you kindly follow the agenda. I think we are supposed to be having a discussion with the minister. Besides, I'm sure the opposition MPs will want to ask some questions. I think we should proceed with consideration of the bill. After all, the Speaker did make a decision on that. Let's talk with the minister today, and some time soon the matter currently at issue can provide the basis for a debate rather than questions to the witness.

The Chair: Ms. Gagnon.

Ms. Christiane Gagnon: I would like to make a motion, Madam Chair. Let's vote on it.

The Chair: What kind of motion, Ms. Gagnon?

Ms. Christiane Gagnon: I ask that we move to clause-by-clause consideration of Bill C-280 immediately this morning. As Mr. D'Amours was saying, I do not agree at all with...

The Chair: No. Ms. Gagnon, keep the wording of your motion.

Ms. Christiane Gagnon: I ask that we study Bill C-280 clause by clause. Because of the time that remains before the end of this session, I do not want to run the risk of skipping over this file, this very important bill.

The Chair: That is the motion. Thank you.

We have a motion from Ms. Gagnon. Would you like me to read the motion to you again so that we can move to clause-by-clause consideration of Bill C-280 immediately? Is that correct, Ms. Gagnon? Yes.

[English]

(Motion negated)

[Translation]

The Chair: So, we will continue.

• (1115)

[English]

Madam Minister, let me say what I wanted to say a few minutes ago, which is, on behalf of the standing committee, welcome to this meeting. I know it is the first time you've had a chance to meet the members of the committee, so I want to welcome you particularly.

You know from your study of this file that it is one of the most highly mobile and challenging, yet interesting departments, and within that department, there are so many different files with many

complex layers of public policy matters and programs. So thank you very much for coming today to speak to the government's response to the report on employment insurance funds.

With you, I understand, is the deputy minister, Mr. Alan Nymark; Madam Diane Carroll, assistant deputy minister, employment programs, policy and design; Mr. Bill James, director general of EI policy; and Mr. Réal Bouchard,

[Translation]

director general of the Federal-Provincial Relations Branch and Social Policy.

[English]

Thank you very much for coming, all of you.

Now, the way we normally do it, Madam Minister, is that you read a paper or present your ideas, after which members of the committee, in order, will be asking you questions.

Please go ahead.

Hon. Belinda Stronach (Minister of Human Resources and Skills Development): Thank you, Madam Chair.

Good morning. I'd like to begin this morning by thanking the standing committee and the members for inviting me here today. This is, as you mentioned, my first appearance here as the Minister of Human Resources and Skills Development, and I do welcome this opportunity to discuss the standing committee's reports on the EI program.

I'm also looking forward to working with each of you in the months ahead on the issues in my portfolio related to Canada's investment in human capital, such as lifelong learning, our workplace skills strategy, the challenge of improving literacy, and now the new aboriginal human resources development agreements.

Today I would like to concentrate my remarks on the government's response to the standing committee's second and third reports on the EI program. I would like to commend you for your work in producing these reports and for the thoughtfulness of your approach. The committee's depth of knowledge in this area is readily apparent and is detailed in this report.

These recommendations have helped guide the government's directions in its continual assessment of EI and informed thinking on the recent enhancements to the EI program. Employment insurance is an important component of my mandate, as the Minister of HRSD, to promote a highly skilled and mobile workforce and an efficient and inclusive labour market—all designed to improve our standard of living and our quality of life.

It's important in any discussion on the employment insurance program that we consider the issues in the broader context of Canada's current labour market and economic situation. I'm pleased to say that overall Canada currently has one of the lowest unemployment rates in 30 years, at 6.8%. In comparing ourselves to other G-7 countries, we fare well in Canada, with relatively fewer people unemployed for long periods of time.

As a result of eight consecutive balanced budgets, we now have an enviable credit rating and low interest rates, both of which have stimulated economic growth and created many thousands of jobs in this country. This positive economic situation has helped us lead all G-7 countries in job growth.

In 2004, and so far in 2005, the level of employment in Canada has risen by 279,000 jobs. This increase in the number of jobs holds true for every region in the country, with regional differences diminishing, and for both men and women. I'm pleased to say, too, that most of the employment gains continue to be in full-time work.

Employment insurance, as you know, plays a significant role in supporting workers and in fostering labour market participation. It's one of the largest, most effective federal programs and a key component of Canada's social safety net and economy. Last year it provided over \$13 billion in income benefits to well over one million Canadians.

In my discussion with you today, I'll focus on the government's response to the standing committee's recommendations within the context of three broad themes: one, the need for a sound approach to EI financing and governance; two, ensuring EI is there for Canadians during times of unemployment; and three, supporting skills development for Canadian workers.

First, on EI financing and governance, you will have observed that your recommendations in this area have significantly influenced the proposals on this issue that are included in the Budget Implementation Act, 2005. The views of a wide variety of stakeholders were also taken into account.

Through measures introduced in the Budget Implementation Act, 2005, the government has proposed to increase both the transparency of the premium rate-setting process and the independence of the EI Commission in EI premium rate-setting.

The approach that the government has taken on the employment insurance account is consistent with the statements made by the Auditor General, who has, as you know, repeatedly indicated that the EI account should remain part of the Public Accounts of Canada.

This new approach will build on the overall management of EI finances, which has seen EI premium rates substantially lowered over the last decade, while benefits have been significantly expanded. This is reflected in the fact that average weekly benefits have increased by 12% since 1995-96, from \$278 to \$312 in 2003-04. This has benefited both workers and employers. At the same time, employers and employees will pay \$10.5 billion less in premiums in 2005 than they would have paid under the 1994 rate.

• (1120)

Given the complexity of the EI program and its impact on workers, employers, and communities, the Government of Canada

has taken a balanced approach when making improvements to the program. This approach has ensured that EI continues to respond to an evolving labour market and the needs of individual Canadians while taking into account the fiscal and policy implications and evidence provided by our ongoing evaluation of the program.

Second, let me turn now to the issue of ensuring adequate income for Canadians during periods of unemployment. Ongoing analysis published each year in the monitoring and assessment report tells us that overall access to the EI program is high. I brought with me a number of copies of this year's report, which some of you are familiar with, which I believe is one of the most comprehensive sources of information for parliamentarians on any program.

The 2004 monitoring and assessment report indicates that approximately 84% of individuals who paid EI premiums and who subsequently lost their jobs or quit with just cause were eligible to receive benefits. This percentage reaches 92% in the case of full-time workers. Evidence continues to indicate that the length of EI benefits is sufficient for most claimants' needs. On average, individuals use about two-thirds of their EI entitlement before finding employment.

Benefit rates are continuing to find the balance between ensuring that the EI program provides adequate temporary income support while maintaining incentives for individuals to maintain an attachment to the labour market. We appreciate, however, that the labour market conditions vary across the country and in some sectors of the economy, a challenge that the Government of Canada has recognized for some time through the EI program. As committee members know, to assure responsiveness to regional economies, EI entrance requirements are automatically adjusted based on local unemployment rates. The variable entrance requirement is adjusted monthly and ensures that in regions of high unemployment, entrance requirements are lower and benefit durations longer in order to address the relative difficulty of finding employment.

Since 1996, the government has also made improvements to the EI program that enhanced its responsiveness to an ever-changing labour market. They also take into account the findings from our annual monitoring and assessment reports and what we've heard from workers, employers, and other stakeholders. The government has not hesitated to revisit and improve upon its policy directions on employment insurance. The intensity rule, for example, was intended to reduce frequent EI claims within a given period and encourage labour force attachment. When this was found to be ineffective, we abolished it. We also adjusted the small-weeks provision so workers in seasonal jobs could work more without adversely affecting their benefits on future claims.

Additionally, since 1996, unemployed Canadians have had improved access to active re-employment measures through part II of the EI Act, which on an annual basis, working with the provinces and the territories, invests a total of \$2.2 billion in activities ranging from self-employment assistance, skills development, wage subsidies, job finding clubs, and counselling. Please note that our active measures under part II of the EI Act are designed to serve the needs of all Canadians, including persons with disabilities.

In February the government announced a further series of enhancements to the EI program that take into account recommendations brought forward by this standing committee for program enhancements, as well as input from those facing the challenges associated with seasonal work. Altogether they will represent over \$300 million per year in new investments and demonstrate the government's ongoing commitment to ensuring the responsiveness of the program.

● (1125)

Under these enhancements, three pilot projects are expected to benefit more than 220,000 people per year. They will run for three years in regions of high unemployment—that's 10% or more unemployment—to test the labour market effects of:

- enabling individuals new to the labour market or returning after extended absence to access benefits after 840 hours of work instead of the current 910 hours when linked with EI employment programs;

- calculating EI benefits based on the best 14 weeks of earnings over the 52 weeks preceding a claim, instead of looking at total earnings in the last 26 weeks, which will mean that, for individuals with sporadic work patterns or seasonable jobs, EI benefit levels will be more reflective of their full-time earnings; and

- increasing the working-while-on-a-claim threshold to allow individuals to earn the greater of \$75 or 40% of their weekly benefits, in an effort to encourage people to take all available work without a reduction in their EI benefits.

In addition to the new pilots I've just described, at the same time we have announced an extension to a pilot project that began in 2004 that provides five additional weeks of EI benefits to help workers overcome the annual income gap caused by limited work alternatives—again, this applies to regions where the unemployment rate is 10% or more—and finally, an extension of the EI transitional boundaries provisions in one economic region in each of Quebec and New Brunswick.

The approach taken in these enhancements reflects the government's commitment to ensure that the EI program responds to the needs of workers and helps to ensure the effective operation of Canada's labour market. I think the signals indicate that we are finding the right balance. Testing out new initiatives through pilots is the way to ensure that we keep this balance and provide the right type of assistance to those unemployed. These enhancements specifically demonstrate the government's commitment to ensure that the EI program responds to Canadians. We all recognize the special challenge of trying to find workable solutions in areas of high unemployment.

Of course, EI is only part of the solution. A partnership approach is essential to building community capacity, to creating self-sustaining, long-term employment opportunities. HRSD, along with other federal departments, provinces, and territories, will continue to work with employers, labour, and communities to address local economic development. As I stated before, the department is working diligently to try to ensure that these pilots are in place by October.

As many of you know, a key to economic security and competitiveness and a better quality of life for Canadians is ensuring that we invest in human capital. For me, that is the key. We now invest \$2.2 billion in EI funds to help workers who lose their jobs to develop the skills they need to find new and stable employment. Nearly 75% of annual EI part II spending on employment programs focuses on skills development for unemployed people. While this program is critical, we must also increase our focus on workplace skills development.

This government recognizes that in the new knowledge-based economy a top priority is supporting the ability of Canadians to innovate, learn, adapt, and enhance their skills. That's why budget 2005 put in place new funding for the workplace skills strategy. Over the next three years, the Government of Canada will work with the provinces, territories, and key stakeholders to strengthen apprenticeships in Canada, test new workplace skills initiatives, and spur discussions on skills issues among business, labour, and training leaders. The overall objectives of the workplace skills strategy are to build a labour market that is flexible and efficient, to help Canadians to be the best trained, most highly skilled workers in the world, and to ensure that employers' needs are met.

A number of existing government programs are linked to this strategy, including the government's sector council program, the foreign credential recognition program, the training centre infrastructure fund, and workplace literacy and essential skills programs. We will work towards longer-term solutions in collaboration with our partners—the provinces, the territories, communities, labour, educational institutions, and industry.

In conclusion, I would like to say thank you again. I appreciate the good work of the standing committee in this area. As noted in our response, the Government of Canada is looking at issues highlighted by the standing committee, such as special benefits for the self-employed. The government will continue to give serious consideration to the standing committee's report while ensuring that any adjustments to the program have a sound policy and evidence-based rationale.

In particular, it's very important that the effectiveness of the recently announced pilots be carefully monitored and assessed before the government takes decisions as to whether to implement them on a permanent or national basis. As part of this engagement, the government remains committed to continually reviewing the EI program to ensure it remains well suited to the needs of Canada's workforce.

• (1130)

I'm therefore pleased to indicate that the Government of Canada will continue publishing the annual monitoring and assessment report for Parliament on an ongoing basis, beyond the date currently specified in the EI Act. This is one more step forward in the pursuit of our ultimate goal, which is to ensure that the EI program continues to be relevant and responsive to Canadians.

Thank you.

The Chair: Thank you very much, Minister.

I'd like to apologize to Mr. Adams, because I neglected to mention that Mr. Adams will be appearing as a witness this morning, and he's also, of course, the parliamentary secretary to the minister. Thank you. We want to do things correctly and right.

So we open the period of questioning. The first round is, of course, seven minutes and the first person on my list is Mr. Van Loan.

Mr. Peter Van Loan (York—Simcoe, CPC): Minister, can you tell me the amount that's been spent on employment benefits support measures—by that I mean part II of the act—in Ontario for this year?

Hon. Belinda Stronach: In Ontario for this year.... I'm going to defer to the officials. It's \$2.2 billion on an annual basis nationally, but with respect to Ontario—

Mr. Peter Van Loan: I'll help you out. The estimates here say \$1.95 billion nationally. Where do you get your \$2.2 billion? Oh, I guess you're including the pan-Canadian—

The Chair: Mr. Van Loan, I would ask you to address the chair when you ask questions.

Mr. Peter Van Loan: Through you, Madam Chair, I read that if you take out the pan-Canadian responsibilities, it's \$1.95 billion, and of that, Ontario is at \$525 million, which is about the number it has been for several years. So as a proportion of the national spending on part II—skills training—how much is going to Ontario? Do you know that number?

You've had a strong view on it in the past. I thought you would know the number.

The Chair: Madame Stronach.

Hon. Belinda Stronach: I want to make sure we're accurate. Diane, is it 28% of the \$525 million?

The number is \$525 million—

Ms. Diane Carroll (Assistant Deputy Minister, Employment Programs Policy and Design, Department of Human Resources and Skills Development): Over \$1.95 billion, which I believe is about 28%.

Mr. Peter Van Loan: It's 26.8%.

The Chair: Mr. Van Loan, I would ask you to respect the rules.

Mr. Peter Van Loan: Well, we have seven minutes of time, and I don't want it taken up by math when I can help them out. They can check it if they want to, but it's 26.8%.

What's the proportion of the population of Canada that is in Ontario?

The Chair: Madam Chair. Madam Chair, Mr. Van Loan.

Mr. Peter Van Loan: Madam Chair.

The Chair: Yes.

Mr. Peter Van Loan: I just asked a question.

The Chair: That's right, and you ask a question addressing the chair, please.

Madam Minister.

Hon. Belinda Stronach: Mr. Van Loan, you seem to have that fact in front of you. Would you care to share it?

Mr. Peter Van Loan: It's roughly 35%. And do you know the proportion—

The Chair: Through you, the chair.

Mr. Peter Van Loan: And do you know the proportion of the employment insurance premiums that are paid by Ontario workers and businesses?

The Chair: Madam Minister.

Mr. Peter Van Loan: I'll help you out. It's 41%. That comes out of the monitoring tables that I looked at, and I'd ask you, at 26.8% out of either 34% or 41%, is Ontario getting its fair share?

Through you, Madam Chair.

Hon. Belinda Stronach: Let's answer it in a technical way. I'm going to defer to the deputy minister, because you obviously would like a very technical answer to this question, so let's relate it to the number of unemployed and where they are.

The Chair: Thank you.

Mr. Nymark.

Mr. Alan Nymark (Deputy Minister, Department of Human Resources and Skills Development): Just to repeat the answer of the minister, the employment insurance scheme is directed at those who are unemployed or who are attempting to become employed again, and therefore those regions of the country with higher rates of unemployment tend to get larger shares of employment insurance, and the need to use active measures is more critical in those areas than in the richer provinces.

• (1135)

Mr. Peter Van Loan: Thank you for that answer. But the facts do not accord, Madam Chair.

The Chair: Mr. Van Loan, please allow Mr. Nymark to finish his sentence.

Mr. Peter Van Loan: The answer that relates to the unemployed—

The Chair: Then I will tell you that you have more time and you can ask another question. I'm sorry.

Mr. Peter Van Loan: The answer that relates to the unemployed.... It is simply not the case.

The Chair: So then I can tell you that you have more time to ask another question.

You have more time to ask another question, Mr. Van Loan.

Mr. Peter Van Loan: The amount that is spent per unemployed person in Ontario is \$1,143. The amount that is spent nationally per unemployed person is \$1,827. That's taking into account the number of unemployed.

So I ask again, does the minister, beyond the technical answer, believe that it's fair to Ontario?

The Chair: Madam Minister.

Hon. Belinda Stronach: Let me come back to the principle behind the EI program, and that's to provide two parts, actually: temporary income support on one hand, and on the other hand, assistance to developing new skills, so that people can build the right skill levels, whether it be while they're young, while they're employed, or as they mature through the workforce so that they can continue to find good-quality jobs. It is an insurance-based program, so people pay into it, and as there are fluctuations in the various economic regions of the country, various communities will benefit, depending on the circumstances.

So is it fair? It depends on the economic challenges that certain communities face from time to time, and those change in different regions of the country from time to time, depending on whether industries

are successful or whether the industries are facing challenges through global competition. So it's part of our value system as Canadians.

Mr. Peter Van Loan: The fact, Madam Chair, that the minister may wish to look at is that part II expenditures over six years have varied virtually not a bit by region and area.

But I'm surprised that you don't have the view that it's unfair to Ontario, because I'm reading here a view that you once expressed that:

I have also recently spoken out in the media and in the House of Commons on the issue of how much money the federal government transfers to the province of Ontario, the economic engine of Canada.

Ontario taxpayers give Ottawa a lot of money but do not get back their fair share in the form of government services. That's not good for Ontario, and it's not good for Canada.

Have you changed your opinion now that you're the Minister of Human Resources?

Hon. Belinda Stronach: I'm here to talk about the principles behind the EI program—

Mr. Peter Van Loan: As am I.

Hon. Belinda Stronach: —and why that's part of the value system we have as Canadians, how it's part of our social safety net, how it's there to provide a bridge for Canadians when they're unemployed, and how it's there to provide investment dollars for Canadians to build their skills.

Throughout the country there will be challenges faced by some regions and some communities as the economic climate changes, or as those industries change, or as we see in some parts of the country where there's basically one employer in a community and that employer goes under and then the community is left to support itself without a major employer. So it depends on the circumstances of the communities and the regions and as they change from time to time.

The Chair: A brief question, Mr. Van Loan.

Mr. Peter Van Loan: Yes, very brief.

The amount for each individual who's unemployed, who's lost their job, in Ontario is \$1,143 that's provided in training support. Anywhere else, the average in the rest of Canada is \$1,827. When those numbers were indicated in advance by the provincial government, the minister, at that time in opposition, spoke strongly and advocated that the gap had to be made up and that it was unfair to Ontario. Now I'm hearing it's no longer an issue.

Could you explain the difference in your opinion? Is it because you're now a minister?

Hon. Belinda Stronach: I think there are two issues.

First of all, people in Ontario have greater access to employment opportunity, so that has to be factored in.

The second thing would be that we are in negotiations with Ontario to construct a new labour market development agreement that takes a look at.... As you know, on May 7 the Premier of Ontario and the Prime Minister came to an agreement in principle that will basically allow for the process to begin for a labour market development agreement between the province and the federal government that takes a look at the EI financing, that will take a look at new resources to invest in the provinces to upgrade skills, and that is part of our lifelong learning strategy. So there is an investment going into Ontario. The officials are in the process of discussing the details.

• (1140)

[Translation]

The Chair: Thank you.

Ms. Gagnon.

Ms. Christiane Gagnon: Thank you, Madam Chairwoman.

I'm going to make a general statement on the presentation made by the Minister of Human Resources and Skills Development, and I will then hand the floor over to my colleague, Mr. Yves Lessard, given his level of competence and experience in research.

Madam Minister, I would describe your presentation as...

The Chair: Ms. Gagnon, please slow down.

Ms. Christiane Gagnon: Madam Chair, I would like to say that in giving her presentation before the Standing Committee on Human Resources Development, the new minister spoke in what can be considered stereotypical language.

You do not live up to the expectations that stem directly from the study and recommendations made by this committee on the employment insurance fund, recommendations that were accepted unanimously. You say that the employment insurance fund is insurance. Yet, 60 per cent of the applications made by the unemployed are refused. The statistics you are sharing with us are the ones you want recognized. You say that in 84 per cent of the cases, the needs of the unemployed were met by the employment insurance program because the reasons for making the applications were justified. Does that mean that according to the new criteria of the employment insurance fund, 60 per cent of the rejected applications were refused for unjustified reasons?

It is as though, if there were a decrease in break-and-enter theft, an insurance company decided to reduce coverage in such a way that those already insured by the company would no longer qualify because they live in areas where there is less theft. Those who thought they were insured would no longer be insured because of the decrease in the number of thefts. That is what I see in your report.

You say you want to work with the committee and follow through on its conclusions. As the new minister, you have missed a wonderful opportunity to say something different. What you have just said could have been said by all of the ministers who preceded you. Thank you.

The Chair: Thank you, Ms. Gagnon.

[English]

Hon. Belinda Stronach: I'm not sure if there was a question in there, but first of all, what I said is that it's based on insurance principles. For those individuals who pay in, 84% are able to access it. It's over 90% when you look at full-time employees—so that's full-time employment.

In terms of responding to the committee's report, I think great progress has been made in taking the committee's recommendations into consideration. When you look at the budget that was proposed in 2005, in particular the first eight recommendations that focus on greater independence for the EI Commission; how the rate is set in a more transparent way; the input as to how that rate is set with the independent advice of the chief actuary; the principle in terms of the balance of revenues, the inflows and costs, the outflows of costs and benefits paid. I think the principles that are reflected in the first eight recommendations have been incorporated into the budget.

Over and above that, with respect to the pilot programs, I would say great steps have been made going forward to try to look at access issues, in particular areas where there are seasonal jobs, to try to look at pilot programs to see if we can design the programs in a way that is more responsive to those areas, with a view to rolling them out. I think there have been steps made going forward.

[Translation]

The Chair: Mr. Lessard, I believe you would like to continue.

Mr. Yves Lessard: Good morning, Madam Minister. Madam Chair, we have already greeted one another.

Madam Minister, there is a concern that arises from your comments today, similar to the one that arose last week when we debated the OWAP [older worker adjustment program], and that is the consolidation of measures for the working population, and training as a whole. We agree on that, as I have already said. Each time we can consolidate measures and improve the situation for this segment of the population, you have our support.

However, there seems to be a major shortcoming, Madam Minister, when it comes to support for workers who have exhausted all measures to sustain themselves, what you call the social net of employment insurance. Yet, the same shortcoming still exists today. You are part of these statistics. We do not contest the statistics, but rather their interpretation.

I will give you an example. On page 5 of your presentation, you say that average weekly benefits have increased by 12 per cent; you are talking about people who receive employment insurance benefits. The actual increase of these weekly benefits, from \$278 to \$312, applies to those who are fortunate enough to receive benefits.

On page 5, you say: The 2004 Monitoring and Assessments Report indicates that approximately 84 per cent of individuals who paid EI premiums and who subsequently lost their jobs or quit with just cause were eligible to receive benefits.

Madam Minister, you therefore talk about eligibility according to today's criteria. That has not been contested. However, the committee discovered during its work before the holidays that if the rules established in 1995 were to be restored today, only 38 per cent of those contributing to employment insurance would now be eligible for benefits, under these rules.

If we take the 28 recommendations made by the standing committee, with the same amendments and improvements to eligibility rules, we can still say that only 45 per cent of people who contribute to employment insurance would be eligible.

I assume that you are aware of this because you have already spoken on this subject.

● (1145)

The Chair: Mr. Lessard, please ask your question directly.

Mr. Yves Lessard: I am getting there, Madam Chair. Given these facts, Madam Minister, do you intend to take action to undo the injustice done to workers who have had the misfortune of losing their jobs, and who have paid employment insurance premiums throughout their lives?

[English]

The Chair: Minister.

Hon. Belinda Stronach: I appreciate the question from the honourable member. We always take a look at how we can improve and refine the program.

I think a number of steps have been taken, as outlined in the Budget Implementation Act, through pilot programs to ensure greater access; to address the issues that are particular to seasonal workers; and to look at a strategy for workplace skills development based on the challenges of our economy, how competitive it is and the growth in the economy, to make sure that employers not only have access to a talented labour force but that we invest in people so they can build that capacity throughout their careers. In particular, there is a focus on a strategy with respect to older workers. There have been programs put in place to assist older workers. Those programs have been extended for an additional year to be able to collect the analysis—which comes forward in November—as the basis for a more comprehensive strategy for older workers.

But with respect to detailed access issues, maybe, Diane, you'd want to list all the things we've done over the years to open up access and to refine the entrance requirements to make them more suitable.

[Translation]

The Chair: Thank you, Mr. Lessard.

[English]

I want to say that I did give you a lot of extra time, so....

Mr. Martin.

[Translation]

Mr. Yves Lessard: Madam Chair, I am familiar with the list. I would like some explanation concerning the list of options removed.

The Chair: Pardon me, but I have given you two extra minutes.

Mr. Yves Lessard: I just want to say that I am familiar with the list. I do not need one. However, I would like a list of all the measures that have been removed that prevent people from accessing employment insurance benefits. I would like to hear the minister's comments on that list.

[English]

The Chair: Mr. Martin, please.

Mr. Tony Martin: Maybe Ms. Carroll could answer Mr. Lessard

—

The Chair: Within your time?

● (1150)

Mr. Tony Martin: Yes, within my time—just a brief response.

The Chair: That's fine.

Ms. Diane Carroll: There have been a number of changes made recently to EI. One set of things, which I think related more to the weekly benefit, in terms of adjustments that were made for people who worked only for small weeks, was a calculation done to ensure that people were no longer—

[Translation]

Mr. Yves Lessard: Madam Chair, we already know these answers. The answers we want are the ones that are not coming.

The Chair: I have no control over the questions asked nor the answers given, Mr. Lessard.

[English]

Mr. Martin, you have the floor.

Mr. Tony Martin: Thank you very much.

I appreciate the minister coming forward this morning, and her kind remarks to the committee, which worked so very hard on putting forward some recommendations on changes to EI that would be helpful to our constituents and the country.

But my first question is, why would we be convinced here that the government, having rejected virtually all of the committee's recommendations, will continue to give serious consideration to any further recommendations?

Hon. Belinda Stronach: First of all, we didn't reject the committee's recommendations. When you look in particular at the first eight, where there was, let's say, strong consent around the table, the principle behind those eight recommendations was incorporated into the new structure of the EI commission. It's pretty significant in terms of the independence of the commission, the way it sets rates, the balance, the independence, the transparency, the information it's able to solicit when constructing the rate, and the reporting mechanism.

So I would not agree that we haven't taken into consideration...and I would say that on a number of the other recommendations there are pilot programs under way to test some of those scenarios to see if it makes sense to roll them out nationally and make them more permanent.

Mr. Tony Martin: Okay. Allow me, then, to—

Ms. Diane Carroll: I just want to add a couple of other areas, too.

One of the recommendations of the committee was around looking at the current pilot assessing the extension of the five-week benefits to high unemployment regions. That program is continuing, and we are assessing it.

There is the issue around the self-employed. There was a recommendation by the committee that we should look at that in terms of how we could possibly cover self-employed people, especially for special benefits. That is something the department is very strongly looking at. As for the proposal around the best 12 weeks, we did not go as far as that, but we put in place a pilot that will test the best 14 weeks, which we think is finding the balance between providing potentially a better benefit for people in seasonal industries and maintaining the incentive to work. The recommendation around future LMDAs and what we do in that context to look at best practices is something we're talking about with Ontario now. There are other areas. We're looking at the compassionate care benefits plan; that is currently under evaluation.

So I think there are a number of areas where perhaps the decision was not taken to take them holus-bolus, but the recommendations of the standing committee very strongly influenced both what we did, as the minister said, on the premium-setting side, but also on the benefits side.

Hon. Belinda Stronach: Let me add, too, that the committee is not unanimously agreed on all 28 recommendations. I think there was strong agreement on the first eight, but beyond that there were dissenting views presented by the Conservative Party. So the committee has not unanimously agreed to those 28 recommendations.

There are some good thoughts in there, and I think we'll have to take a look at how they work in some of the pilot programs we have. The reason they're pilot programs is so you can test them to see how you can improve them, and see that they are suitable to be rolled out on a national basis.

The Chair: You have time left, Mr. Martin.

Mr. Tony Martin: One of the specific recommendations that we New Democrats feel very strongly about—and I believe my colleague Monsieur Godin from New Brunswick spoke to you a day or two ago—is this issue of 12 weeks, particularly in areas of high unemployment like his area, northern Ontario, and other areas, where work is seasonal and the economy really hasn't taken hold in the same way as it has in some of the more positive industrial sectors.

Have you given any further thought to what Monsieur Godin shared with you, our very strong feeling, and the resolution we put forward last week on our opposition day to set aside some areas of the country where unemployment is above 10%, to actually look at the 12-week pilot, or change the requirement to 12 weeks?

• (1155)

Hon. Belinda Stronach: You're talking about the pilot that is currently in place that was announced in budget 2005. It's a three-year program that goes to the best 14 weeks of employment pay over the year. That's an improvement over the former process, where it looked at the most recent preceding 26 weeks.

There has been quite a bit of movement. There was quite a bit of consultation to find the balance, as I understand it, between the incentive to work and also fairness when calculating the benefit rate for individuals who are in seasonal jobs. That is a three-year pilot program. We're going to have to see how that program evolves and what the results are. We'll start with that at first and see if adjustments need to be made. As I mentioned, efforts are being made to ensure that program is in place by October.

[Translation]

The Chair: Thank you.

Mr. D'Amours.

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

Madam Minister, as you know, my riding is in northern New Brunswick. As you are also aware, when compared to other regions of the country, northern New Brunswick is considered to be fairly rural. In ridings such as mine, there are a lot of seasonal industries, which means that people are only able to work for a certain period of the year. They cannot work all year-round because of the climate.

It is thanks to seasonal workers that Canadians have access to goods such as food and forest products. It is therefore essential that we recognize the important contribution made by seasonal workers. In fact, seasonal industries are an integral part of life in many areas of our vast and beautiful country. Some of the funding and additional funding provided in the last budget must, therefore, be set aside for this industry.

Let us take the issue of the 14 best weeks recorded over the previous year. The fact that we use the 14 best weeks as a measure shows how sensitive the government is to the fact that we are dealing with seasonal industries. In such industries, the last weeks of the season often yield little, they are low-income weeks. By basing our calculations on the 14 best weeks of the previous year, we get rid of the problem of low-earning weeks, bringing down the average earnings of those who are most in need. It is important to highlight this, because it allows people in our ridings to receive higher benefits.

Furthermore, it encourages people to stay at work. In a few months' time, rather than being penalized by the system as they have been previously, people will no longer be penalized for wanting to work. There is no doubt that Canadians living in rural areas, where work tends to be seasonal, will benefit from these measures. These people want to work. Ask and they will tell you that, if they have the means to do so, they will continue to work, they want nothing more, they do not want to be on benefits, they want to be able to work. Furthermore, it is important to remove disincentives and measures which do not serve as incentives. I firmly believe that by calculating benefits based on the 14 best weeks over the previous 52 weeks, many families will find themselves better off over the next few years.

In addition, as you remarked, Minister, the employment insurance program is to be reviewed on a regular basis. No region of our country is immune to problems. For example, Ontario was faced with the SARS crisis a few years ago, and we had to take measures to adapt to the situation. We have to make sure that we are in a position to be able to adapt to peoples' needs. The SARS crisis was something of an unusual situation, and served to illustrate that such problems can affect city dwellers and not just those living in rural regions. Certain sectors of the tourism industry are seasonal, and we have to be able to adapt.

Could you please explain to us how you view the question of the 14 best weeks out of the previous 52? Do you agree with what I have said? Do you think that this measure will have a positive impact on Canada's seasonal workers?

• (1200)

[English]

Hon. Belinda Stronach: At the end of the day, we're going to have to make an assessment of how well the pilot program works and whether it strikes a balance that meets the needs of those workers who are in seasonal jobs. It's not the workers who are seasonal; it's the jobs that are seasonal. We need to strike a balance between the types of jobs there are and keeping enough incentive in there to work. It's through the pilot program that we're going to be able to make an assessment of whether it works or needs fine-tuning. We'll have to monitor it carefully and see how it progresses, but that pilot program is in areas where there's 10% unemployment or more, and we have to be very sensitive to those areas.

But I agree with your statements that seasonal workers want to work, and this is in no way meant to indicate otherwise. It's there to address the seasonal nature of those industries and of the jobs that are there, and we're going to have to carefully monitor that program as it goes forward to see if it needs further adjustment.

There are other pilot programs as well in the areas of 10% unemployment that are there to take a look at those areas, such as working while on a claim, which allows you to earn some income while you're on a claim, to be able to take other forms of work, or to look at the hours that must be worked for qualifying for new jobs or re-entry into the workforce and training that's provided. Going forward, one of the areas of emphasis—and it has been an emphasis—something that we hope to make a cornerstone of this department, is lifelong learning, and within that lifelong learning, a workplace skills strategy so that people can build their skills and have access to education and make sure they can upgrade their skills as they go through their careers.

[Translation]

The Chair: Thank you.

You still have a few seconds, if you would like to ask another brief question.

Mr. Jean-Claude D'Amours: With your permission, Madam Chair, I would rather make a brief comment.

Madam Minister, you raised the issue of allowing people to work while receiving benefits. I see that as being a clear indication that the aim of these pilot projects is to give people the opportunity to work and not be penalized for wanting to work. While allowing people to

work while receiving benefits due to the seasonal nature of their job, we allow Canadians to earn an additional income to support their families.

This is something which encourages people to work, and we have heard some very positive feedback on this subject.

[English]

The Chair: We're now into our second round. I'll remind you that the second round is five minutes.

Mr. Van Loan.

Mr. Peter Van Loan: Thank you, Madam Chair. I'll pick up where I left off.

The minister was concluding that problems with the unfairness to Ontario were being dealt with because there was a labour market development agreement being negotiated. This all came out of the May 7 agreement. This, of course, represents a difference in opinion for the minister, because the minister, just a few weeks ago, wrote to her constituents that the recently announced agreement between Ottawa and Ontario was too little, too late, and that in fact there was continued underfunding by this government of those services—and that is, of course, the one that governs the labour market development agreement.

Of course Ontarians have a right to be skeptical. Ontario is the only province without a labour market development agreement to govern skills training. It has been under negotiation for many years, and in fact, there was an agreement arrived at, at a bureaucratic level, with the provincial government of Mike Harris. It was the Ontario caucus members in the Liberal Party who revolted and asked that it not be proceeded with.

But that aside, since it's been under discussion for years, perhaps the minister could tell us—since it's under discussion again—whether it will be a transfer agreement, a co-management agreement, or as Madam Robillard indicated when she was here as minister, a third type of agreement that would basically involve sharing office space.

• (1205)

Hon. Belinda Stronach: I'm glad you pointed out my comment “too little, too late”, because I'm in a position to do something about it now. Thank you for highlighting that.

It would be premature to discuss the details. The officials are in negotiation, and we're sorting out the questions that you outlined. That's all there is to say at this point.

Mr. Peter Van Loan: So Ontarians will continue to await that much-awaited labour market development agreement.

I wanted to continue in another vein having to do with success of the part II training measures. Rather than asking you to produce the numbers, I'll take you through some of them from the previous year's monitoring report.

There were interventions. The success rate ran under 50% for people returning to work who went through part II interventions. Ontario is, of course, the only province where the federal government runs them directly. The success rate in the rest of Canada was 49%. The success rate in Ontario, the only place where the federal government runs it, was 43%.

Can you explain why the success rate for returning people to work after part II interventions is so much lower in Ontario, where the federal government runs the program, than in the rest of the country, where the provinces run it?

Hon. Belinda Stronach: Diane.

Ms. Diane Carroll: The rate does vary across the country. That is one of the things we are certainly looking at, and looking at in the context of the provinces. The rate of return to work is one issue. Some of that relates to whether or not the individual is in need of a very short-term measure. Individuals needing a short-term measure tend to return to work a lot faster. If it's somebody who needs a longer-term intervention, the success rate is not always as it should be. There's ongoing work with the provinces with which we have either transfer or shared agreements, and we do work with the Province of Ontario as well in terms of looking at the success of those measures.

Part of the money is actually transferred to Ontario, in this context, as apprenticeship money because it's Ontario that actually registers the apprentices, and the amount of money that goes into apprenticeship is related to those registrants within Ontario.

Yes, I would agree with you that there needs to be more work in terms of the outcomes, but it also depends on what you're using to measure the outcome. It varies very much by the client and the type of intervention that client needs.

The Chair: You have a little bit of time left.

Mr. Peter Van Loan: To me, it's pretty clear that it's the fact that the federal government runs the program that's the problem. Perhaps it's underfunding. I've been told, though, previously by the witnesses that Ontario is underfunded because it's a more positive environment. You have a more positive environment for people to return to the workforce, yet the success rate of the federal government's returning people to the workforce is significantly lower than for the rest of the country. Is that because the federal government is doing a bad job, or is it because the funding is simply too low and Ontario is being treated unfairly?

The Chair: Do you have a comment, Madame Carroll?

Ms. Diane Carroll: It's very hard to attach it to it. You have to look at all the measures jointly and together with the types of clients you are dealing with. I don't think you can assess it from a very high level or general percentage.

In terms of the amount of money that actually goes into Ontario for labour market development agreements, as you may know, it's tied to a fairly complex multilateral agreed-to formula that doesn't just look at the number of unemployed, but also looks at the duration of unemployment and takes a number of factors into consideration. It depends upon the type of client you're dealing with and where the priorities are being put.

Some jurisdictions use more of the reach-back clause that's currently within the EI Act, which not only allows you to deal with current EI claimants, but provides active measures for people who may now be on social assistance but in the past collected EI. So if you have more of those kinds of clients, they may be the types of individuals for whom the success rate is not as great, but you may still want to be paying substantive attention to them. You want to vary it by the needs of the provincial and regional labour markets.

● (1210)

The Chair: Thank you.

Madame Ratansi, you have five minutes.

Ms. Yasmin Ratansi (Don Valley East, Lib.): Thank you, Madam Chair.

As I look at the report and the presentation by the minister and listen to the questions being asked, I look at Canada as a federation, and in a federation the have provinces have always given to the have-not provinces. When there is a have province that has such a good economic engine, it attracts financial institutions and corporate headquarters, and therefore those provinces have other means of getting revenue.

When we look at the fair share agreement, EI is not the only parameter for looking at it. You have to take a holistic approach when you are looking at the transfer payments and considering what a fair share transfer payment is. There is infrastructure. There are all sorts of revenue generation abilities that the provinces have, so if they have these alternative sources of revenue, we should be looking at Canada as a whole, not Canada as individual provinces, because that's what a federation is all about.

We can play with all sorts of figures, if we want. We can look at the amount of money that has been paid out, the \$13 billion, and we can look at the workforce in Ontario, and we can look at the percentage that is unemployed, 6.8%, and then we can look at the benefits that go to Ontario, which is \$7.9 billion.

My concern is also on the basis that there is a spread. I come from a financial institution. You work on a positive spread to make profit. I am looking at the amount that has been paid in versus the amount that has been paid out over 2002-03, and the spread is 1.4% negative.

My question to the minister, through you, Madam Chair, is this. When we look at all these issues of \$7.9 billion being paid, \$2.2 billion annually for employees that need to be reintegrated into the workforce, and the 4.7% increase, I'm wondering whether we have sustainability. Are you feeling that the \$45 billion of notional surplus can disappear? Is there some sense of concern about the sustainability of this EI?

Hon. Belinda Stronach: Let me begin, because you started in a broader context...the world doesn't stand still, and we must constantly re-evaluate. We must ask, do the programs serve their purpose as they're intended to? I believe it's so important, as we go forward in this globally competitive environment, that we focus on investing in people and building the capacity of people. That's why, in large measure, yes, we have EI part I, which is intended to meet unemployed workers' needs, to provide temporary income support.

But we also have the active measures, which are about investing in people, which are about looking at access to education and skills training, and at what we have to do to build the knowledge base so that people, throughout their career, can seek and obtain good-quality, high-paying jobs in the face of this very competitive global environment, and also so that business has access to a highly-skilled labour pool. That's part of the equation when business decides to reinvest in Canada or new business is attracted to Canada, because at the end of the day everybody needs a good-quality job, and we have to make sure people have access to that training and apprenticeship programs. That's part of our workplace skills strategy.

Is the EI fund sustainable? I think you could say it's in equilibrium at the moment. The principle behind it is that the revenues collected and taken in are in balance with what is paid out less the cost of administration. So it's in equilibrium at the moment.

With budget 2005, steps were taken to enhance the independence of the commission, to strengthen the independence of the commission. Steps were taken to ensure that the way the rate is set is done in a transparent way, and to ensure that the commission has access to independent financial advice to make sure they can keep that equilibrium going as we go forward and as the world changes going forward.

• (1215)

Ms. Yasmin Ratansi: Do I have any more time?

The Chair: Not really.

Ms. Yasmin Ratansi: Fine. Thank you.

The Chair: Thank you very much.

We're back to Monsieur Lessard.

[Translation]

Mr. Yves Lessard: Madam Minister, my colleague asked you a question concerning the 28 recommendations made by the Standing Committee on Human Resources, Skills Development, Social Development and the Status of Persons with Disabilities. You correctly observed that eight of the recommendations had been adopted unanimously while the majority of the remaining 20 were adopted on division, the Conservatives having voted against them. We were able to adopt the recommendations because the Liberals voted for them.

As minister, would you support the Conservative position or the Liberal position?

[English]

Hon. Belinda Stronach: That's an easy question to answer. I support the right thing to do for Canadian workers. What makes sense is that we do keep—

The Chair: Excuse me, there's a point of order here.

Mr. Adams.

Hon. Peter Adams: Madam Chair, I listened to my colleague, and I understand the point he's trying to make, but I would point out that on virtually every one at least one Liberal voted against it.

[Translation]

The Chair: Thank you.

Did you receive the translation, Mr. Lessard?

Mr. Yves Lessard: Yes. You are right, one of the recommendations was not supported by any Liberals. I did not say that they had all been adopted by... I know that you were muttering and grumbling about one of them.

The Chair: Watch your language, Mr. Lessard.

Ms. Christiane Gagnon: "Grumble" is a good word.

Mr. Yves Lessard: It is indeed, Ms. Gagnon.

Minister, I believe that the question that I'm going to ask you is relevant. As you are very well aware, implementing the majority of these recommendations first requires an open expression of political will to do so.

Let us take the example of the eight recommendations which were adopted unanimously, and which address two major issues.

Firstly, there is the issue of the stand-alone fund which would primarily be administrated by those contributing to it. As you know, the employment insurance fund is built on the contributions of workers and employers; however, delaying tactics are being employed in an attempt to prevent us from debating the issue in Parliament. My question is not technical in nature, it is political. Are you still in favour of a stand-alone fund? That is my first question, Madam Minister.

Secondly, the committee made a unanimous recommendation that the \$46 billion which were misappropriated from the employment insurance fund be progressively returned. Do you agree with that recommendation, Ms. Stronach?

[English]

The Chair: Merci.

Minister.

Hon. Belinda Stronach: As for the first part, I think I have addressed that a number of times already. But in terms of the principles behind what the committee recommended, that the premiums should be set transparently, that premium rates should be set on the basis of independent advice, that expected premium revenues should correspond to expected program costs, that the premium rate-setting should mitigate the impact on the business cycle, and that premium rates should be relatively stable over time—those principles are reflected in budget 2005 and the strengthening of the commission. So steps have been made going forward.

On your second question, I'm going to ask Monsieur Bouchard to add something to this, but if you look at the comments made by the Auditor General, she said that this is a government program and this should remain with the public accounts.

[Translation]

The Chair: Do you not want to hear Mr. Bouchard's answer?

Mr. Yves Lessard: No, Madam Chair. I was seeking a political answer to my question on the stand-alone fund, and I do not believe that Mr. Bouchard is in a position to provide me with such an answer. The minister chose to give me a technical answer, and she is within her rights to do so. However, I would like a political answer to my second question on the return of the \$46 billion to the EI fund. I want to know whether the minister is prepared to take this stand.

From what I can understand, she is not prepared to take such a stance regarding the stand-alone fund, but I would like to know whether she is prepared to do so on the matter of returning the \$46 billion.

• (1220)

[English]

Hon. Belinda Stronach: I don't think you're here to hear my political answers. I would rather give you specific, precise answers that reflect principles. And as I mentioned, the first five principles in establishing, let's say, a better working EI Commission and a better working EI fund—it's those principles that have been met.

And on the second one, I'm going to reiterate that it's the Auditor General who has said that these are government programs, EI is a government program, and it should remain with the public accounts.

[Translation]

Mr. Yves Lessard: Do I have any time left, Madam Chair?

The Chair: I'm sorry, but you only have one second remaining.

Ms. Bakopanos.

Hon. Eleni Bakopanos (Ahuntsic, Lib.): Thank you, Madam Chair. Thank you, Minister.

I would like to begin by making a comment, and then I shall ask a question which is very important to me.

We all know that figures concerning those who are not eligible for EI benefits can vary. For example, some students who have summer jobs choose not to request benefits.

[English]

In the numbers that the Bloc often uses are students who work during the summer. And it's not only the Bloc, excuse me, but some of the people who have come before this committee. So I was very much intrigued about the 84% of individuals who paid EI and who received EI. Perhaps, if we have time, you can give me a little bit more detail in order to clarify the portrait in terms of those who receive and those who pay and why there is discrepancy between the two.

But more importantly, my question is on the fact, Madam Minister, that you said—and I'm very pleased about that—that we're going to extend benefits to self-employed Canadians. That's something that members on this side of the House, and I'm sure members on the other side of the House too, have been urging the government to do. I know we had a task force in fact—a Liberal task force—that was recommending, and this committee recommended it.

So I'd like to know if you have thought further than just saying yes, we're going to look into it? Are there options that you're looking at? Are we looking at maternity benefits? Are we looking at all benefits? Or have we started the process, perhaps, of expanding those benefits? I think it would be a great thing to do, especially since the majority of new jobs being created are in the self-employed category. In fact, a lot of women entrepreneurs are creating those jobs, and they've never in the past had the right to maternity benefits, parental benefits—let's call them properly these days.

So I'd like to know your views and also encourage you to continue. And whatever we can do as a committee to help you along with that, I would be more than pleased to work with you on that.

The Chair: Madam Minister.

Hon. Belinda Stronach: Thank you for raising that.

I believe that it's about 15% of the workforce, roughly, that is self-employed. So I'd say it's a growing concern and a growing need out there. I also believe that no other country has yet adopted such a program.

But I would also like to highlight what you expressed, that many of the self-employed are women and face the challenges of raising a family and wish to have access to parental benefits and other benefits. That's something I'm very sensitive to, and I know my colleagues are.

We are looking at this, first of all, with Quebec already. Quebec is moving in that direction, as you know, so we are going to take a look at how that works with Quebec as they transition to providing for the extension of parental benefits to self-employed individuals. So we'll take a look at the experience that results from that. But it's something we're taking very seriously into account.

The Chair: You have some time left, Madame Bakopanos.

Hon. Eleni Bakopanos: I'd like to go back to the figures. I think it's important for those who are listening.

When we talk about 84% of individuals who pay the EI premiums and who actually receive them, there is definitely a discrepancy, but the discrepancy is based—perhaps it's my opinion, but I think it also came through in studies that were done by this committee—on there being workers who do pay in. I just talked about the self-employed. There's the fact that students who work during the summer don't collect EI. There are women—this is a category that's also raised often enough—who choose to work part-time because of family responsibilities. That seems to be lumped in all the time in what comes across from our colleagues.

• (1225)

Hon. Belinda Stronach: I'm going to ask Diane to respond to the details on the 84%.

Ms. Diane Carroll: As the minister said, about 84% of people who lose their jobs or quit for just cause then receive benefits. It means there are about 16% or so who do not qualify. Those would be made up of various people. There may be some people who do not meet the variable entrance requirements. You may require 420 hours of work, but you only have 300; those people would have paid premiums, but then don't qualify. If your premiums are below a certain level, they're returned to you at tax time.

Hon. Eleni Bakopanos: I want to put my question, then, specifically. The NDP and the Bloc talk about 60% not collecting. When you compare this with the 84% that we have—

Ms. Diane Carroll: As the minister said before, EI is an insurance program. You have to pay into the program in order to qualify. Of those people paying premiums who lose their jobs, 84% receive benefits. But the unemployed are also made up of a whole range of people who do not pay premiums. There are people who have never worked before, somebody who is a new immigrant who can't find a job, a young person who's trying to find their first job, somebody who has been unemployed for more than 52 weeks. You're still counted as unemployed if you're actually looking for work, but if you haven't had employment in the last 52-week period, you haven't been paying premiums and therefore cannot be eligible for the program.

EI is meant to help people who have had a job, have paid sufficient premiums, with enough hours, and have then qualified for benefits. But if you're a self-employed person, you're not paying premiums, so when your business has closed down, you're not eligible, and you are counted as unemployed as well.

There are other programs that assist young people. Aboriginal individuals also tend to have a hard time getting the initial attachment to the workforce. There are other programs outside of EI that try to assist those people.

The Chair: Thank you.

I would like to mention that I have no one else on my list after Mr. Martin. If you wish to ask questions, please do.

I have on my list Mr. Martin, for five minutes.

Mr. Tony Martin: In response to the minister and Ms. Carroll, regarding my suggestion that the government virtually ignored all of the recommendations, let me say this.

In response to the committee's recommendation that Human Resources and Skills Development Canada employ an EI claimants' advocate in every district office, the government indicated that the department already employs the equivalent of 75 full-time public liaison officers, and these individuals are able to provide adequate services to claimants.

Concerning the committee's recommendation to remove the presumption of guilt with respect those employed in family businesses, and to exclude pension, severance, and vacation income in determining benefit entitlement, the government's response simply refers to the status quo.

The government opposes the committee's recommendation to significantly reduce EI's qualification requirements, citing that some improvements have been made in the past to increase access to EI, and that the committee's proposal would largely benefit only those residing in regions with a low unemployment rate.

Furthermore, the government does not support the committee's recommendations to extend the duration of benefit entitlement or to raise the benefit rate. The government does not accept the committee's recommendation to extend EI coverage to self-employed individuals. The government does not support the committee's recommendation to increase the duration of sickness benefits and to extend compassionate care benefits to families whose children must travel to receive treatment.

Regarding labour force development, the government rejects the committee's recommendations to include mobility assistance and employment benefits and support measures, and to establish pilot projects that provide a premium refund to employers who incur costs while replacing workers receiving maternity and parental benefits, and who train seasonal and older workers as well as workers in need of literacy training.

My question is on another subject where you rejected the committee's report. In the area of extending sick benefits, the government obviously doesn't support an increase in sickness benefits entitlement, because it maintains that since the average duration of sickness benefits in 2003-04 was 9.4 weeks, a maximum of 15 of sickness benefits is meeting the objective of providing temporary income support.

I'd like to know how many EI claimants exhausted their sickness benefits in 2003-04. Why is the government opposed to providing longer sickness benefits to those workers who exhaust their sickness benefits and have no other source of income support?

• (1230)

Hon. Belinda Stronach: That's quite a technical question. I'm going to ask Bill to expand on that.

Mr. Bill James (Director General, Employment Insurance Policy, Department of Human Resources and Skills Development): In terms of the context of the current design of the sickness benefit, it's modelled on private sector models that are intended to ensure short-term absence from the workplace and to replace income during that time period. So it's important to keep that in mind in terms of the design of the benefit.

As you mentioned, the current average duration used by claimants is about 9.4 weeks out of the 15 weeks people are eligible for.

In terms of the exhaustion rate, that varies from year to year based on different circumstances. But you requested the number for the 2003-04 year. I believe that's about 30%.

Mr. Tony Martin: So you're suggesting that the only reason for sickness benefits is to make sure people take as short a time period as possible being sick before they get back into the workplace.

What about in those circumstances when somebody is very sick, critically sick, and needs support longer? Often that sickness is as a result of their workplace, and they have no support or other program to tap into. Why wouldn't the government consider the recommendations of this committee in terms of this and come forward with some specific initiatives to deal with that?

The Chair: [Inaudible—Editor]...to answer that question.

Hon. Belinda Stronach: In terms of the recommendation on sickness benefits, again it's experience-based, so that's why it's not included at this time. I think it's more of a technical answer.

Mr. Bill James: Madam Chair, the EI sickness benefit is designed to complement other types of sickness coverage that are offered in Canada—provincial programs, municipal programs, as well as private sector programs. So in terms of eligibility or the duration of sickness support, if it is not sufficient through EI, there are of course other programs out there that may support those persons. Workers' Compensation Board or CPP disability benefits are examples of the types of programs that are available to people in addition to private sector insurance coverage.

La présidente: Thank you.

That is all the time you have, Mr. Martin.

On this round, I still have Mr. D'Amours, and then we'll go on to the next round with Mr. Van Loan.

Monsieur D'Amours.

[Translation]

Mr. D'Amours, you have the floor.

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

Minister, I want to bring up an issue that, even if it is a little different, relates to the pilot project.

The implementation of new measures is often more important than the measures themselves, in that it enables people to benefit from changes made by the government.

I would like you to tell us clearly when these measures will be implemented. It is possible that changes are being made. As parliamentarians here in Ottawa, we can make changes every day, every week and every month. However, if we want to see our changes put into effect and ensure that people in difficulty get what they need, we need to be able to say what we want to improve.

But as long as the measures are not in effect, even if a strong desire to make changes has been shown, people will not be able to benefit from the decisions. Perhaps you want to make improvements in other areas, but the issue of the best weeks is the most important thing for the people that need them. It is important to give them additional financial resources so that they can meet the basic needs of their families.

As I said earlier, not working is not what parents and people in general want—on the contrary. However, because of their situation, they are not always able to work. So good measures need to be implemented and good benefits provided when these people are without work.

Can you tell us when you intend to implement the pilot project? The people who need these measures should be able to benefit from them, not in 2006, 2007 or 2008, but as soon as possible. When can they expect to benefit from these changes?

• (1235)

[English]

Hon. Belinda Stronach: I concur with your statement that the programs have to be properly implemented and on a timely basis; otherwise, what's the point if they don't serve their purpose? We are working very hard and applying all the resources necessary so that

we can fulfill the best 14 weeks program by October, so that it will be done in time for when the seasonal work ends.

[Translation]

The Chair: Thank you.

We will go now to our last round, and each member will have three minutes.

Mr. Van Loan.

[English]

Mr. Peter Van Loan: Yes, I have a two-part question. The first is on the rejection of the recommendation on foreign agricultural workers who are here under a specific program, who are required to pay EI by the terms of their contract, and they have to leave. You've rejected their being exempted on the basis that this reduces employment opportunities for Canadians over time. Yet, Madam Chair, it's the Department of Human Resources that's responsible for evaluating that there are no Canadians prepared to work in those jobs before those contracts are even approved. So I'd ask you to explain that contradiction.

Then I have one you won't need to deflect, and it goes to the principle that was discussed by the minister as being the basis for dealing with the operation of the fund. One of the principles that I know this minister used to subscribe to was that stealing is wrong, and \$46 billion has been taken from workers and employers, and that is surplus that has been taken out of employment insurance. The rate-setting mechanism that is established in this government response does absolutely nothing to take account of that notional \$46 billion surplus. Effectively, rates will be determined on a go-forward, break-even basis, with that \$46 billion being kept by the government, whether it is within general revenues or otherwise.

Would the minister commit to returning that money to the people who paid it, employers and employees, in the form of an actual fund, whether it be segregated within general revenues or otherwise, so it wouldn't be stolen, on the basis that stealing is wrong in principle?

Hon. Belinda Stronach: Let me say with respect to principles, it was the committee that set the principles, the five principles I outlined earlier, transparency and greater independence when setting the rate. And I think these principles were taken into consideration and were supported and were incorporated into the design of the strengthened EI Commission. So if you had other principles, other than the five, those should have been—

Mr. Peter Van Loan: There was a recommendation that the money be returned. That recommendation is there—

The Chair: Excuse me, Mr. Van Loan, let the minister speak.

Excuse me, order. The minister has the floor.

Minister.

Hon. Belinda Stronach: Those five principles were taken into consideration when the scope of the commission was strengthened: the transparency by which it sets its rate, the independence by which it sets its rate, the effect on the economy so that it's done in a way that provides some certainty and stability.

I come back to the Auditor General, and the Auditor General has stated that these are government programs and have an impact on the bottom line and therefore should be consolidated within the public accounts.

The Chair: Thank you. That's all the time for this.

Madame Bakopanos.

Hon. Eleni Bakopanos: I wanted to ask a very specific question, because I've had occasion to speak on this issue in the House of Commons in terms of the sector councils.

I was wondering if there was any need perhaps to expand the sector councils to other areas of training since we are going into new areas of training in terms of the workforce? I know the one that's on textiles and apparel, and I've had the occasion to work with the parties involved in terms of that sector council, although not with the sector council directly. It has been a very effective tool in terms of getting all the parties together, including labour, in order to find new and innovative ways of training.

So I was wondering if we're looking at other areas or if we're looking at expanding these sector councils. I personally have had the experience that it's been a very effective tool in terms of making sure that in areas where the workforce has changed and also the economic environment has changed.... These have been very effective tools for the government. Are we thinking in terms of improving them, or changing them, or perhaps going into other areas?

• (1240)

Hon. Belinda Stronach: Madam Chair, I would agree with the honourable member that the sector councils have been an effective tool and an effective forum to devise a game plan to make sure that the workers within that industry do upgrade their skills. We give them the support to do that. I would agree that they are an effective tool, and are part of the workplace skills strategy we will be rolling out in the very near future to make sure that the various stakeholders work together to meet the needs of a competitive economy; that business works together with labour, works together with government, provincially, territorially, and federally; and that we work together so that, at the end of the day, the programs do meet the needs of Canadian workers and businesses to be more productive and more competitive.

With respect to the broadening of scope of the sector council, I know the deputy minister has done some work, and I would ask that he elaborate on this.

Hon. Eleni Bakopanos: Can I be more specific? The issue of older workers is also an area I've worked on. I think we even had a motion in the House on older workers. I know there are pilot projects, but I was wondering if the sector councils were making recommendations to the effect that we should be looking at perhaps special provisions for older workers who cannot be retrained.

So it's a double-edged question now in terms of the sector councils.

The Chair: Mr. Nymark.

Mr. Alan Nymark: The sector councils have been in operation for something like 25 years now. Almost 50% of employed workers are covered by sector councils, and we're going to try to increase that percentage over the next couple of years.

We're also looking at setting criteria for the effectiveness of councils. There are a lot of them, I think about 30. We've been developing criteria that allow us to measure their success and reward their success through greater investments in those sector councils that are leading to really positive impacts in their areas of jurisdiction.

As the minister said, with the workplace skills strategy we're also looking at establishing a workplace partners panel, which would specifically look at how industry leaders could take greater ownership over the issue of skills upgrading for people who are on the job. As you know, something like 50% of the workforce of today will be the workforce as far out as 2015. Therefore, if you're looking to compete in a knowledge-based economy, you've really got to be focusing on those people who are currently in the workplace and ensuring that they continually upgrade their skills.

Unfortunately, it's true that in Canada the percentage of on-the-job training that takes place through employer-based skills training is lower than in many other countries in the OECD, particularly the United Kingdom but even the United States. We're engaged with the sector councils as well as this new workplace panel to try to understand how we can remove barriers to on-the-job workplace training in Canada.

The Chair: Thank you.

[Translation]

Mr. Lessard, it is your turn. I would remind you that you have three minutes.

Mr. Yves Lessard: Thank you, Madam Chair.

Minister, you put a lot of emphasis on the issue of premiums. However, the witnesses who have appeared before the committee and the committee members themselves have noted that premiums are not the issue; how they are used is the problem. I am thinking in particular of the surplus, which has been accumulating instead of being redistributed to those who pay into the fund. I would like you to tell us your position on certain support measures for people who are out of work.

One of the recommendations that our committee made to you was to lower the qualifying period to 360 hours, which will cost some \$390 million according to Deputy Minister Malcolm Brown and would help 90,000 unemployed people. This will have a direct impact by helping people in difficulty. The NDP's recent proposal to use the 12 best weeks, an idea that we dismiss out of hand, would cost barely \$30 million, taking into account the fact that the 14 best weeks are used right now. And if the maximum number of benefit weeks were increased from 45 to 50, Minister, the cost would be just \$11 million.

You are surely familiar with those aspects of the report as well as Mr. Brown's estimates. As a new minister, what are your positions on these proposed amendments to the system that would be a great help to those who need it most?

• (1245)

[English]

Hon. Belinda Stronach: You said in the beginning that premiums don't matter. I think premiums do matter. If you look at the last ten years—

[Translation]

Mr. Yves Lessard: I did not say that premiums do not matter.

[English]

Hon. Belinda Stronach: In the last ten years they've gone down from \$3.07 to \$1.95, which represents considerable savings for workers, while benefits have been improved and gone out.

[Translation]

Mr. Yves Lessard: Madam Chair, I do not want to be accused of saying things that I did not say.

The Chair: Perhaps it is in the translation, sir. I'm listening to you in French, so I don't know.

Mr. Yves Lessard: You have to understand that the premium is not the issue. Premiums are important because they are about people's money. I don't want to ask you about a subject that is not being called into question. We've noted it, but that's not the problem. All stakeholders agree that the problem are the benefits themselves and access to the benefits. You have most certainly looked into this, as minister. What is your position on the three examples I have just given you?

The Chair: Madam Minister.

[English]

Hon. Belinda Stronach: May I just say that it's about balance at the end of the day, and making sure the revenues we take in are balanced with the benefits—that they're suitable, that they address the needs of Canadian workers, and that they're there to provide temporary income support, less the cost. That is equilibrium and that is balance.

We're always evaluating how we address the needs of the changing workforce, of the communities as they change, and of the industries within those communities as they change the dynamics within that community. That's why we do have pilot programs. They make steps forward. Are they enough at the end of the day? We will have to monitor the outcome of those pilot programs and adapt them to the changing needs of the situation and of the economy.

I think steps were made. There was an allocation of \$300 in this budget towards those pilot programs. The best 14 weeks is an example; we felt that at this stage there is a balance between the incentive to work and the ability to calculate a higher benefit rate that takes into consideration the seasonal jobs that are there. Working on a claim, and making it easier for new entrants—

The Chair : I'm sorry. I'm going to have to cut you off, Minister.

Hon. Belinda Stronach: —or re-entrants to the workforce. These are all steps forward.

The Chair : Thank you.

Madame Ratansi, you have three minutes.

Ms. Yasmin Ratansi: Thank you, Madam Chair.

I would like to carry on from what Madam Bakopanos was asking in terms of training. We find that in the areas we come from, the industries we are mostly dealing with—the textile industry, the hospitality industry—are economically sensitive. Basically, when a SARS outbreak hits, the hospitality industry has a downturn, and that downturn leads to people who are mostly immigrants losing their jobs and not having the ability to train or be retrained into the workforce. They may be older workers or unable to speak English, etc. The same applies with the garment industry and the competition we're getting from markets that are dumping cheap goods on us.

How do you see EI training funds working to ensure this sector gets...? It's not like working in an office, where I can upgrade myself, or working in the hospitality industry. What opportunities am I getting? They can fall through the cracks, and I'm trying to figure out how best to get a handle on this.

Any of the deputies can answer.

• (1250)

Mr. Alan Nymark: The EI benefits program, for example, benefits something like 186,000 older workers every year. General active measures are also directed to various segments in society, including older workers. We've gone through three phases of older worker programs now. One was an income supplement scheme that was found not to be very effective, frankly, and was very costly. That was concluded in 1997. Since that time, we've had an older workers pilot program that is geared more towards finding work for older workers, as opposed to income supplementation. Those pilots have been in place for five years.

We said we would do an evaluation with the provincial governments that have been our partners in the older workers program. We now have those evaluations from Ontario and Quebec and are expecting them from all provinces. We will do an evaluation over the course of the next few months. Because of this period, the government chose to extend the pilots for a further year, out to the end of fiscal year 2005-06.

The Chair: Mr. Martin.

Mr. Tony Martin: This is to the minister and to Ms. Carroll, and it's in response to your answer that, really, the government isn't ignoring the recommendations of the committee.

The government didn't support the committee's recommendation to include mobility assistance in employment benefits and support measures. Why does the government no longer provide financial assistance to help individuals move for work-related reasons, and what evidence does HRSDC have to suggest that EI-funded mobility assistance would not induce unemployed individuals to move to secure a job?

Hon. Belinda Stronach: This is something, actually, I am sensitive to, but it's not something we alone can address. We must work together with the department of labour and with industry to ask how we can assist workers to move to where there are jobs, because in some communities the possibilities might be less than in other communities. That's just the way life is in some areas.

Can we do more to assist workers to move and assist with the portability of skills as well, so the credentials they acquire in one province will also be recognized in another province? This is an area I am interested in and something I am pursuing with my colleagues, with the Minister of Labour, and also it would be important to include industry in that.

I think we should take a look at that area. It needs further analysis and further discussion, but it would be something where, in this competitive global economy as we are investing in people to allow them to build their skills through apprenticeship programs, those credentials were portable or transportable, recognized in other areas, and we'd take a look at assisting workers to find employment in other parts of the country. It's something I'm open to taking a look at.

The Chair: You have some more time, Mr. Martin.

Mr. Tony Martin: I might just follow up on a previous statement on the issue of the EI claimant advocate the report asked for.

The ministry's response was that you've already employed the equivalent 75 full-time public liaison officers. What I'd like to know is, where are these public liaison officers actually located, and which areas of the country do not receive the service they provide? Are all of HRDC's public liaison officers dedicated exclusively to serving EI clients, and what specific advocate services do public liaison officers provide to EI clients?

• (1255)

Hon. Belinda Stronach: I'm going to ask Mr. James to comment on that, please.

Mr. Bill James: Thank you, Madam Chair.

In terms of the issue of assisting claimants in applying for EI and pursuing an appeals process when necessary, I should clarify that there is assistance available throughout the country for that purpose. The persons who provide that service are called public liaison officers. We have officers who work across the country in a number of different offices, and coverage is provided to all parts of the country in that regard. In some cases, in smaller areas or more rural areas, if we don't have a full-time public liaison officer in place, then that service is provided by another member of the staff.

So the answer is that there is coverage available for that type of assistance now.

The Chair: Thank you.

Our last speaker will be Mr. Devolin.

Mr. Barry Devolin (Haliburton—Kawartha Lakes—Brock, CPC): Thank you, Madam Chair.

I have a question about the surplus, this notional surplus of \$46 billion, and we've had some discussion about this in our committee over the past few weeks.

The bottom line is, isn't the message from your government, Madam Minister, that the money is gone? The \$46 billion, the over-contributions that were paid over the period of the last few years, has gone into general revenue. The money is gone; the \$46 billion isn't there. There is a small pile of IOU chits that collectively total \$46 billion, but Canadian workers and employers should basically get on with life and recognize the fact that the \$46 billion is gone. The

IOUs are there, but the government has no intention of repaying that money. This government intends to look forward on a basis where the system is in balance, and that \$46 billion is gone. The IOUs from the government aren't worth the paper they're written on, and Canadian workers and employers should write it off as bad debt and get on with life.

That's really the message that came from the government in its response to our recommendations, that the money is not there, it's not going to be repaid, and let's move forward.

Hon. Belinda Stronach: Thank you, Madam Chair.

First of all, that's not an attitude that I would accept, that we'd just say get on with it and suck it up. I think we're always looking at how we can better construct programs to better meet the needs of Canadian workers and to make sure that balance between benefits and income support and active measures paid out is in equilibrium with the revenues that are taken in. That's a principle that we take very seriously and that is adhered to. We must always look at how we can refine things and make things function better.

With respect to the notional surplus, I'm going to ask Mr. Bouchard, who's here from the Department of Finance, to address that.

The Chair: Mr. Devolin, you do have time.

Mr. Barry Devolin: I just wanted to clarify my question.

The bottom line is, do Canadian employers and Canadian workers have any reason to believe that in the future they'll ever get that money back, or should they, as of today, just consider that notional surplus as not being there—it's not going to be repaid, and they should look forward? Is that the message from the government? Or alternatively, is the government going to repay the \$46 billion into this account sooner or later?

Hon. Belinda Stronach: I'm going to defer to Mr. Bouchard from the Department of Finance.

[Translation]

The Chair: Mr. Bouchard.

A voice: He does not decide.

The Chair: Mr. Bouchard will answer as he sees fit and consistent with the position he holds within the administration.

Mr. Bouchard.

A voice: We want a political answer, Madam Chair.

[English]

Mr. Réal Bouchard (Director General, Federal-Provincial Relations and Social Policy Branch, Department of Finance): Thank you, Madam Chair.

I can make a couple of factual comments. As has been said before by the minister and by the member, we've reached a point of equilibrium now between annual expenditures and annual contributions, annual premiums. The process that is being put in place by the budget legislation provides for that equilibrium to continue over the years to come.

Now, in Bill C-43, the budget legislation, there is no change to the provisions that pertain to the EI account, except that in setting the new premium rate-setting mechanism, the chief actuary will ignore both the cumulative surplus up to now and any future annual surpluses or deficits. I'm trying to describe, factually, what the implications of Bill C-43 are. If somehow the contribution rate were set by the commission in a way that the sum of that notional surplus that has been built or the notional interest that is credited to the EI account.... The implications of that would be fiscal in nature. In other words, if the contribution rate were set 20¢ below what the chief actuary would say is the premium rate-setting proposal to reflect that notionally a surplus has been built, this would have an impact of \$2 billion on the government books, because it would be integrated with the government's bottom line, and the AG is telling us that this would have an impact.

I'm simply trying to say, factually, if it were taken into account, it would have a fiscal impact. But as provided in Bill C-43, there's no

change to the provisions with respect to the EI account. They remain unchanged.

● (1300)

The Chair: Thank you.

This brings our meeting to a close. First of all, let me thank you on behalf of the members of this committee, Minister, for coming and for taking the time to answer our questions. I'd also like to thank Mr. Adams, who appeared as a witness, and all the members of the public administration.

Thank you very much. This is the end of the meeting.

Let me say that on Thursday—I know several members have asked me—our next meeting, we will be discussing Bill C-280, after I've had legal counsel as to what is possible to do. We'll also go on to future business.

Thank you.

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