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**Standing Committee on Human Resources, Skills
and Social Development and the Status of
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Thursday, November 19, 2009

—
Chair

Mr. Dean Allison

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

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• (1530)

[Translation]

The Vice-Chair (Ms. Raymonde Folco (Laval—Les Îles, Lib.)): I now call to order the 57th hearing of the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities. This is Thursday, November 19, 2009.

[English]

Mr. Martin.

Mr. Tony Martin (Sault Ste. Marie, NDP): I think, Speaker, if you will seek it, you will find that—

The Vice-Chair (Ms. Raymonde Folco): I'm not the Speaker. I'm just the Chair.

Mr. Tony Martin: I'm just practising for when I become the House leader or something in the government—it's all in my dreams.

But you'll find, if you seek it, unanimous consent to amend the motion we passed at the last meeting, to state that instead of reporting on November 24, we would report that motion to the House tomorrow.

The Vice-Chair (Ms. Raymonde Folco): Thank you.

I have had discussions with various members sitting around the table to see whether this is acceptable. This is part of Mr. Martin's motion. Mr. Martin is asking for the day to be moved to the previous day for technical reasons. Is there any discussion on the matter? Are there any objections to Mr. Martin's request?

(Motion agreed to)

Mr. Tony Martin: Thank you very much.

The Vice-Chair (Ms. Raymonde Folco): Appearing today is the Honourable Diane Finley, Minister of Human Resources and Skills Development.

Madam Minister, would you like to introduce the persons who are accompanying you? Then we'll hear your presentation. Thank you.

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

I'd like to introduce Frank Vermaeten, Louis Beauséjour, and Liliane Binette from the Department of HRSDC, who have been working on this legislation for us.

The Vice-Chair (Ms. Raymonde Folco): Madam Minister, you now have...how many minutes?

A voice: There is no time for—

The Vice-Chair (Ms. Raymonde Folco): Oh, there's no time for you, Madam Minister. You just get to answer questions...

Madam Minister, we're all ears to hear your presentation. Thank you.

Hon. Diane Finley: Thank you very much, Madam Chair.

It's with a great deal of pleasure that I appear today to discuss our government's latest initiative to help Canadian workers and their families, Bill C-56, the Fairness for the Self-Employed Act.

Prime Minister Harper committed in 2008 to extend maternity and parental benefits to the self-employed. He said then:

Self-employed Canadians—and those who one day hope to be—shouldn't have to choose between starting a family and starting a business because of government policy. They should be able to pursue their dreams—both as entrepreneurs and as parents.

After additional consultations and listening directly to self-employed Canadians, we recognize the need to go even further and extend access to all EI special benefits.

Currently, self-employed Canadians have little or no income protection to cope with major life events such as the birth or adoption of a child, a parent or a child falling gravely ill, or even falling ill themselves. The Fairness For the Self-Employed Act will provide all EI special benefits—maternity, parental, sickness, and compassionate care—to self-employed Canadians on a voluntary basis. We've not just met our commitment; we've exceeded it.

[Translation]

Public research reinforces that the majority of self-employed Canadians want access to EI special benefits. In fact, just the other week, I received a petition from almost 1,000 Canadians asking for access to EI special benefits.

Self-employed Canadians asked for this bill, and for the first time in Canadian history, we are giving them just that. It's the fair and right thing to do and it's also good family policy.

•(1535)

[English]

Self-employed Canadians total 2.6 million in Canada and form 15% of the total labour market, and this number is growing. They're an integral part of our economy and are key contributors to innovation, investment, and job creation. They are playing a vital role in our continued productivity and in our economic recovery.

The self-employed are a very diverse group. They include farmers, tradespeople, those who run home businesses, lawyers, architects, and people who run our corner stores, to name just a few.

Increasingly, the self-employed are women. The number of enterprises led by women is expected to top one million next year.

Access to these benefits is especially important for them: one-third of self-employed women in Canada are of child-bearing age. This bill will mean that women will no longer have to delay or forgo having children altogether for fear it would be impossible to handle both responsibilities at the same time. It will mean that self-employed Canadians will no longer have to miss their babies' first words or first steps.

[Translation]

And self-employed Canadians will now have the option to take care of an elderly parent or a child who has fallen gravely ill. Everyone in this room knows the importance of spending the last few weeks with a loved one and being able to care for them.

The Vice-Chair (Ms. Raymonde Folco): Are there problems with translation?

[English]

I'm sorry, Madam Minister. There is a problem with the translation.

Please continue.

Hon. Diane Finley: Thank you.

[Translation]

Our Conservative government knows that families are the foundation of this great country. And now self-employed Canadians will no longer have to choose between their family and work responsibilities. Like all workers, self-employed Canadians facing important life events need peace of mind regarding their financial security. This bill provides them with just that.

[English]

Madam Chair, let me briefly explain how the system would work.

Overall, special benefits for the self-employed would mirror those available to salaried employees under the EI system. Under the proposed legislation, self-employed Canadians who opt into the program would pay the same EI premium rate as salaried employees. For 2010, that premium rate would be \$1.73 per \$100 of insurable earnings. They would not be required to pay the employer portion of premiums as they would not have access to EI regular benefits. They would face similar benefit duration periods, income replacement rates, maximum insurable earnings, treatment of earnings, and waiting periods.

However, there would be some differences. Those who choose to take advantage of special benefits would be required to opt into the program at least one year prior to claiming benefits. They would also be responsible for making premium payments for the tax year in which they apply to the program. For example, someone registering in May 2010 would be able to claim benefits on May 1, 2011.

However, we are providing some room for the first year. Those who apply before April 1, 2010, would be able to collect benefits as early as January 1, 2011.

To access EI special benefits, self-employed individuals would need to earn a minimum of \$6,000 during the preceding calendar year. As the self-employed do not report hours of work, this number has been arrived at by converting 600 hours on an earnings basis using a representative minimum wage of \$10 an hour, since 600 hours is the number of hours required by salaried workers to access existing EI special benefits.

It's important to note that the self-employed could opt out of the program as long as they've never claimed benefits. If they've claimed benefits, however, they would need to continue to contribute on self-employed earnings for as long as they're self-employed. This treats the self-employed in the same way that the regular EI program treats paid employees. We think this is fair.

•(1540)

[Translation]

In the province of Quebec, our Conservative government is offering the self-employed that ability to take advantage of the sickness and compassionate care benefits for the first time in history. Currently, the only choice Quebecers have if they need to take care of a gravely ill relative, or if they fall ill themselves, is private insurance which can be very expensive.

Our government is offering peace of mind with a more affordable option. This bill takes into account that, in Quebec, self-employed residents already have access to maternity and parental benefits through the Quebec Parental Insurance Plan.

Rates in Quebec have been adjusted to take into account the provincial maternity and parental benefit plan. Self-employed workers in Quebec who choose to take advantage of the program would pay the same EI premiums as other employees in the province. The 2010 EI premium rate in Quebec will be \$1.36 per \$100 of insurable earnings.

[English]

I want to reinforce that the decision to opt into the EI program is entirely voluntary. There is no obligation for the self-employed to take advantage of these new benefits.

This bill is yet another example of how our government is providing support and choice to Canadian families. Our government believes that self-employed Canadians should not have to choose between their families and their business responsibilities, and this bill will have a significant impact on their lives and their families.

Don't just take it from me: the response to this bill has been overwhelmingly positive. The Grain Growers of Canada, the Canadian Federation of Independent Business, the Coalition of BC Businesses, the Certified General Accountants Association of Canada, the Alliance of Canadian Cinema, Television and Radio Artists, and the Independent Contractors and Businesses Association are just some examples of organizations that represent self-employed Canadians and that support this important bill.

This is one of the most significant enhancements to the EI program in a decade. It is part of a series of timely enhancements that we've already made to ensure that the employment insurance program remains responsive to the needs of Canadians.

Our economic action plan is geared towards helping Canadian workers and their families get through this global economic downturn. We're providing a timely and unprecedented investment of \$8.3 billion to strengthen EI benefits and enhance the availability of training, including outside EI.

In closing, Madam Chair, I'd like to thank the committee for its work on our last bill, Bill C-50, which recently passed. It provides between five and 20 additional weeks of EI to long-tenured workers who've worked hard and paid premiums for years, but who now need a hand up.

I urge all members of this committee to support self-employed Canadians and their families by supporting Bill C-56.

I'd now be pleased to answer your questions. *Merci*.

[Translation]

The Vice-Chair (Ms. Raymonde Folco): Thank you very much, Madam Minister.

[English]

This will be a first round of seven minutes.

Mr. Savage, you'll open the round.

Mr. Michael Savage (Dartmouth—Cole Harbour, Lib.): Thank you, Madam Chair.

Thank you, Madam Minister, and thanks to your hard-working officials, for coming here today.

As you know, we have indicated in the House and in this committee our support for this bill in principle; I think a lot of people are looking at it and saying that it looks like a good thing, but there are questions. A number of organizations that were pleased to see it have questions. I met this morning with the CGA association, the certified general accountants, and I've met with others who are

saying they think this is good and want to see it go forward, but there are some questions.

The first question I would have is in terms of the sustainability of this program. Has the chief actuary done an evaluation of this bill?

•(1545)

Hon. Diane Finley: I'm sorry; I just had to consult my staff.

The actuary within the skills and employment branch has examined these numbers.

Mr. Michael Savage: I'm reading from the website of the Office of the Chief Actuary of Canada. The website says: Whenever a bill is introduced before Parliament that has a significant impact on the financial status of a public pension plan or social program falling under the statutory responsibilities of the Chief Actuary—

This includes Human Resources and Skills Development Canada.

—the OCA must submit an actuarial report valuing this impact to the appropriate minister.

Hon. Diane Finley: I'm sorry; I'd be happy to get that answer for you.

Mr. Michael Savage: Pardon me?

Hon. Diane Finley: I'm sorry, but I don't have the answer now.

Mr. Michael Savage: Can you tell me, then, what actuarial work has been done? Can you make that public?

Mr. Frank Vermaeten (Senior Assistant Deputy Minister, Skills and Employment Branch, Department of Human Resources and Skills Development): Thank you.

The actuary—the same actuary who does the actual work for the EI account—and his team were completely involved in all the calculations and estimates that went into this program.

We have a policy group that provides estimates and we have an actuarial group that carefully examines everything and confirms those calculations. That in turn goes to our chief financial officer, so I think the numbers have been very rigorously examined throughout HRSDC.

Mr. Michael Savage: Okay. Can you release those numbers?

Hon. Diane Finley: I'm not sure they're in a form to be released.

Mr. Michael Savage: I'm confused, because every year the chief actuary reports to the Employment Insurance Commission on the employment insurance break-even premium rate and maximum insurable earnings. We all think that having self-employed people involved is a good thing, but there's an impact on the EI fund, and we need to get a sense of what this cost might be. It seems to me that the chief actuary, whoever he or she may be at the time, would have a role in determining whether this is an actuarially sound bill, or at least if there is a cost that we can know in advance.

Hon. Diane Finley: I think it's important to understand that because this program is voluntary, we can only have estimates of what we expect the take-up to be, what we expect claimant rates to be, and what we expect the duration of claims to be. One of the things that will be going on is that we will be tracking this very closely, because we want to see what the actual numbers are going to turn out to be.

Our estimate is that this program is going to be essentially self-financing, but obviously if there is a higher participation rate that means more revenues. If there's a lower claim on benefits, whether it's in frequency, or indeed in duration, because quite often the self-employed feel that they can't stay away from work for a full 50 weeks for maternity or parental leave, then obviously that will have an impact on the net cost.

That being said, we have included a proposal to review the program at five years.

Mr. Michael Savage: So the chief actuary has not evaluated this program.

Hon. Diane Finley: Not to my knowledge—

Mr. Michael Savage: If they haven't, that's fine. I just want to use my time because...

Are you saying, Minister, that this will be a self-sustaining, break-even piece of legislation?

Hon. Diane Finley: What we expect is that it will be essentially self-financing, but there is no guarantee of that. It could be in surplus or it could be slightly under. We don't expect it to be any significant extra cost.

Mr. Michael Savage: I understand. I'm not trying to be confrontational. I'm just suggesting that for any bill that comes before Parliament—many of them are optional programs—there is still analysis that is done to determine....

Hon. Diane Finley: Yes.

Mr. Michael Savage: Can you release the surveys that you've done to indicate the interest in general take-up among the self-employed?

Hon. Diane Finley: In fact, the interest in these programs is available online through the Library and Archives website right now.

Mr. Michael Savage: So there have been surveys and focus groups and things like that?

Hon. Diane Finley: The 2009 "EI Tracking Survey" is the name of the report and it is available through the Library and Archives website.

Mr. Michael Savage: That was a survey that questioned self-employed people about whether they're interested in...?

Hon. Diane Finley: Yes, about their interest. In fact, the results were that 86% indicated they wanted sickness benefits, 84% wanted compassionate care benefits, 65% wanted parental benefits, and 62% of the women were interested in maternity benefits.

Mr. Michael Savage: But was there any discussion of what the cost would be for them to do that? I'm interested in a lot of different things if I don't have to pay for them.

Hon. Diane Finley: You asked if they had indicated interest, and yes, those are the percentages that indicated interest in these special benefits.

• (1550)

Mr. Michael Savage: Well, since I have this concern about the cost and you're telling me that this is going to be self-financing, but there hasn't been a significant outside actuarial look at it, if the minister and the department are overly optimistic and this program is found to be non-sustaining, can you commit today that the extra money will come out of the consolidated revenue fund and will not impact negatively on the other people who pay into the employment insurance fund, the employers and the employees, who don't have an option on whether they pay premiums or not?

Hon. Diane Finley: The fundamental principle behind the employment insurance program in Canada is one of risk pooling. There are many people who pay EI premiums, both employees and employers, and the individual never, ever collects any benefits, and so—

Mr. Michael Savage: I understand, but my concern is that there's a \$2 billion fund that's being transferred over to the new EI financing board. That's \$2 billion, which we know is not enough, because we are already in some kind of a deficit due to the circumstances. I'm not blaming you, but that's what has happened.

So this could be a further drain on that \$2 billion and could impact rates down the road, which would mean that premiums could go up for everybody if this is not self-financing. Is that not the case?

Hon. Diane Finley: That's one possible scenario. Equally, it could be break-even. Or there is also the possibility that if the claims rates are lower than the premiums, it could actually contribute in a positive way to the EI fund.

Mr. Michael Savage: Yes, but my concern is that there hasn't been an actuarial analysis. It seems to be lacking.

The Vice-Chair (Ms. Raymonde Folco): Thank you, Mr. Savage.

Mr. Michael Savage: Thank you.

The Vice-Chair (Ms. Raymonde Folco): I'm sorry. We'll have to come back to you another time.

[Translation]

Mr. Lessard, you have the floor.

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

I also want to welcome the minister and her officials; discussions on this bill are starting to sound familiar to them I am sure.

First, I think that you will have understood that we are in favour of the principle underlying this bill because it is new to be able to open up employment insurance benefits to self-employed workers. This appears to be a good thing to us. How should we do it and what are the right measures? That is something else again, and I think that that is what today's discussion will focus on.

My first question will be about the choices you have made in terms of coverage. Why, Madam Minister, did you choose not to provide employment insurance benefit coverage to self-employed workers who are experiencing financial difficulties when they no longer have income from employment?

Hon. Diane Finley: Are you talking about regular benefits?

Mr. Yves Lessard: Yes.

Hon. Diane Finley: We decided to offer special benefits, such as maternity and parental benefits.

Mr. Yves Lessard: My question is why you chose to not include regular benefits as well.

Hon. Diane Finley: We did not promise to do that. Moreover, we realized that it is almost impossible to determine when a self-employed worker has laid himself off. It's quite difficult because there are people who work part-time or even people who do not work hard enough to continue to succeed. How can we determine, objectively speaking, that the person is no longer employed, that he or she is unemployed?

Mr. Yves Lessard: I see, the difficulty is at that level. I understand your answer.

To continue in the same vein as my predecessor, I understand that there were a certain number of calculations done with the Chief Actuary. Through these calculations, were you able to isolate the cost of each of these programs, of these coverages: compassionate care leave, long-term sick leave, and parental leave? Was this broken down and were you able to identify the cost of each one? If yes, what were they?

Mr. Frank Vermaeten: Thank you for your question. I will answer in English.

[English]

To some degree, we can isolate this into two separate programs. But for the rest of Canada you have to consider that people are potentially benefiting from the maternity/parental benefits and the sickness and compassionate benefits. You never know how that person will benefit or what kind of claim they'll make. In the case of Quebec, of course, they'll only have the sickness and compassionate available because they already have, through QPIP, the parental and maternity care.

So you cannot completely separate the two, but you can go through a conceptual exercise to say there'll be one group that primarily will want to benefit from this and the other will primarily benefit from that. Basically that's how we've done most of our calculations in terms of how we do the simulation.

We do have one group that is going to be primarily interested in the maternity/parental benefits. We estimate how many people we think will join for that and we have a very good sense of how many claims are going to be made. I think those numbers are driven

primarily from the QPIP model already, so we've a very good sense of that.

So we know how many people will join, how many claims will be made, and the premiums. Then we have a second calculation for those people who will join primarily for the sickness and compassionate care benefits. Of course, that's their primary motivation, but they can benefit from all special benefits.

• (1555)

[Translation]

Mr. Yves Lessard: If you can't estimate the cost of the new program for self-employed workers, you can nevertheless identify the real cost for each of these coverages currently.

I believe I understood that 30% of the cost of employment insurance is currently dedicated to these three types of coverage: compassionate care leave, sick leave, and parental leave. Can these three be broken down currently? In other words, how much do compassionate care leave, sickness leave, and parental leave cost at this time?

[English]

Mr. Frank Vermaeten: We can certainly use the current program as an indicator of what costs might be, but you have to remember that this is a different system, to some extent. The biggest driver here is—

[Translation]

Mr. Yves Lessard: That doesn't answer my question. I want to know the costs at this time, and not the extrapolation, since you say that you cannot extrapolate. How is this 30% allocated? What part is allocated to compassionate leave, sick leave and parental leave respectively? You certainly must have data. My idea is not to ask for extrapolation. Afterwards, we can have a look at how this is dealt with.

[English]

Mr. Frank Vermaeten: I think, if I understand your question correctly, that in the present case we can certainly look at the 2008 report, the monitoring and assessment report. We can look at benefits paid and we can see exactly how many benefits were paid for sickness, compassion, and maternity and parental. We can certainly decide what share of total costs went towards that and what share exactly went to regular benefits.

So there is no problem there. Where we do need to make the connection, as I was talking about earlier, is what premiums went to what? When somebody pays the current rate of \$1.73, we don't say, okay, this share is going for that and this share is going for that. When you're making projections on the other system, you can't earmark one piece for this and one for that.

[Translation]

Mr. Yves Lessard: I want us to understand each other, Madam Chair.

The Vice-Chair (Ms. Raymonde Folco): I wonder if we could get back to this question during the second round.

Mr. Yves Lessard: I still haven't obtained an answer to my question. And yet I was told that my question was understood and that it was clear.

The Vice-Chair (Ms. Raymonde Folco): Mr. Lessard, I have to interrupt you because your time is up.

I now give the floor to Mr. Martin.

[*English*]

Mr. Martin, you have the floor.

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

Thank you for being here today.

We are indicating at the outset that as a caucus we'll support this. However, for us it's just a start. In fact, just to put it in context, it's something we've been talking about for quite some time.

I don't know if you're aware or not, but my colleague from Bathurst, Mr. Godin, tabled a report in the House of Commons in 1999. He spoke about the changing labour market out there at that time, and talked about more and more people becoming self-employed. He suggested at that time that the government look at finding ways to have so-called self-employed workers contribute to and benefit from the EI system; of course, then it was the UI system.

This is the report that he tabled. I think it would be worth looking at and understanding some of the dynamic behind his thinking.

As well, when I was a member of a provincial parliament, recognizing the fragility of being a self-employed small business person, and looking at franchising at that time, I led a charge to actually regulate that industry so that they would have something to hang onto should they be dealt with unfairly.

Today, then, we're happy that we're here discussing this. We think it extends a benefit—which, actually, we believe should be broader and wider—to a group of people out there who are working very hard, trying to make a living, and finding themselves sometimes stuck in a place where life becomes very difficult.

What was the government's logic in limiting the coverage of self-employed to special benefits?

•(1600)

Hon. Diane Finley: It was really quite simple. The Prime Minister's original promise was simply to provide maternity and parental benefits. In talking with and listening to the self-employed, we realized that they wanted more. They were even more interested in the other special benefits. Actuarially it made sense, so that's the path we pursued.

As I was explaining to Monsieur Lessard, it is very difficult to contemplate how to bring in regular EI benefits for the self-employed. How does one determine if the self-employed person has laid himself or herself off? How do you have an objective measurement that the business has indeed ceased to operate for a period of time, and it's not just that the operator wants to take some time off for an extended vacation?

The life events that are covered by the special benefits are readily documented—a birth, an adoption, a gravely ill family member, their

own extended illness or work injury. These are all things that can be objectively documented.

We've looked around the world, and so far no one has been able to come up with a reliable mechanism of income supports in the event of a person laying themselves off, so to speak.

Mr. Tony Martin: I appreciate that, and I know that this is a step in the right direction. Actually, it's an opportunity for us to explore the possibility of even extending it further.

I would suggest to you that if you look at the workplace out there now, and the nature of work, a lot of the self-employed are actually employed by, in some instances, the people who had laid them off in the first place. They bring them back as self-employed. Self-employed people often work for big corporations and other people, and they do, in fact, lose their jobs. In a time such as we're in now, with a difficult economy, they have a hard time finding work in the area that they specialize in.

Would that not give you some food for thought? Would there be any interest in going back and taking a look at this again, given the nature of the workplace now? As I indicated earlier, many self-employed people are in fact employed and do lose their jobs quite readily, because they're easily let go.

Hon. Diane Finley: Well, we are aware of... As I mentioned in my opening remarks, the self-employed are a very diverse group of people. There are indeed people like those you're talking about, who have lost their jobs and have then been hired back as consultants or on a contract basis for sometimes a fixed period of time and sometimes not. There are rules about deemed employment in those cases.

But there are also others, many of whom I've heard from, who say, "For heaven's sake, please don't bring in regular EI benefits for the self-employed, we don't want them—it's an insult". It defies their very entrepreneurial nature. They are self-employed. When things don't go well, they work harder for their own success, and they don't want anybody taking that away from them. That's the reason they left the corporate world, for example. It was because they wanted that sense of self-reliance, to be their own self-motivators. They view obstacles not as obstacles but rather as challenges to be overcome and they say that having a regular EI system would undermine the very essence of who they are.

Mr. Tony Martin: I'm sure you know this, too, from being an MP who represents a constituency. I have people coming into my office on a fairly regular basis, particularly since the downturn in the economy, who were self-employed and working for somebody but who have now lost their jobs. They're looking for any help at all that they might qualify for. Some of them end up on welfare, which is a much worse place, given their pride of person and entrepreneurial spirit, than actually being able to qualify for EI.

What you're talking about is how to put in place a vehicle that would stop people from actually abusing this, so I guess that's a question I have for you. Even in this limited offering, have you put anything in place to make sure people don't game the system?

•(1605)

Hon. Diane Finley: There are several checks and balances in the system we're proposing in this legislation. One, the amount of benefits people can claim will depend on the premiums they've paid, which are based on their earnings of the previous year as they've submitted them to the Canada Revenue Agency, the CRA. If they understate their income in year one, they will have underpaid their premiums and they won't be able to collect as many benefits. Do you follow me?

Mr. Tony Martin: Yes, I do.

Hon. Diane Finley: So there's actually an incentive for people to report maximum earnings and to pay the maximum premiums.

For illness, you need to have a doctor's note. You can define the birth of a baby, but there must be documentation, just as there is for EI for salaried employees. Those are objectively defined life events and we require the same thing of regular employees.

Mr. Tony Martin: Good.

Thank you.

The Vice-Chair (Ms. Raymonde Folco): We'll go on now to Mr. Lobb.

Mr. Ben Lobb (Huron—Bruce, CPC): Thank you, Madam Chair. I'll be splitting my time with Mr. Anderson.

Thank you, Minister, for coming today. Your riding of Haldimand—Norfolk is very similar to my riding of Huron—Bruce. I believe that each year our two ridings are neck and neck for the largest gross receipts for agriculture.

Obviously the agriculture community has faced some hard times, and for many years, really, starting in 2003 with BSE all the way through to the struggles we've had in the pork industry. Also, an issue in the agriculture industry is the age of our farmers.

I wonder if you could comment on two particular items within this bill. One is young farm families—we know that we need more of them all the time—and some of their options or benefits through this bill. As well, we know that the average age of many of our farmers is approaching 60 and their parents, in turn, are facing an age when they need some care. I think the bill will address some of these issues. I wonder if you could comment on this for the committee.

Hon. Diane Finley: I'd be pleased to do that. Farm families have long had to face challenges in terms of everybody participating, but there wasn't always time on the farm for the farmer to take care of an ailing parent, for example, or to take time out for the children, because there was an economic impact if the wife wasn't working.

Now obviously farms have many different corporate and financial structures, but in many cases now, the employees of the farm are eligible for these benefits and receive these benefits, but the farmers themselves haven't been because of their financial and corporate structure. We don't think that's fair.

We believe that young couples starting out on the farm should have the opportunity to have a family. We need to keep the farm family tradition going, and this is one way that will help that. Equally, as you point out, some of the older farmers need time away from working on the farm to take care of family or maybe

themselves if they become ill. This is a safety net for them, if they choose to participate.

I know a lot of people, too, who are in that sandwich generation, where they have young families to look after, but also older parents who aren't that well. Sometimes they need that flexibility, and this is what we're offering them. Their employees have it and we think they should have the opportunity to have these benefits as well.

The Vice-Chair (Ms. Raymonde Folco): Mr. Anderson.

Mr. David Anderson (Cypress Hills—Grasslands, CPC): Thank you. It's good to be here today.

I want to follow up a little on the idea of farmers.... I'm from a rural riding as well. Farmers need to respond to the markets, obviously, and they have inventory on hand. That puts them in a situation that is a little different from that of some of the other self-employed folks like, say, the professionals, the scientific folks, or health care providers and those kinds of things.

Are they going to be treated the same? They won't be treated differently because they're in a bit of a different financial situation where they need to respond to markets and bring their product to market...? Will they still be able to apply for these benefits in the same way?

•(1610)

Hon. Diane Finley: The criteria will be the same for farmers. The benefits will be the same as long as they make \$6,000 a year as an individual, as long as they've opted in and registered for the program 12 months in advance, and as long they've paid the premiums and are deemed to be self-employed according to the Canada Revenue Agency.

Mr. David Anderson: In our 2008 campaign, we were committed to providing maternity and paternity benefits. The opposition has asked why we haven't gone all the way in providing the regular benefits.

I'd actually like to ask the other question. What were the factors that went into extending this beyond what we made as a campaign promise and what we told Canadians we were going to do? Why did you extend it to the other sickness and compassionate benefits?

Hon. Diane Finley: We listened to Canadians. We listened to the self-employed. We spoke with a number of agencies and associations that represent them. There is no one organization that speaks for all of the self-employed, but we listened to them. They said they wanted more. They were particularly interested in compassionate care and sickness benefits.

Let's face it, with regard to sickness, in some places the only sort of insurance the self-employed can get against sickness is through workers' compensation, but that only covers them if they're injured on the job or become ill because of the job. Those premiums can go as high as 20%. That's very unaffordable to the self-employed.

So we thought, wait a minute, let's take a look. This is what they want, actuarially it made sense, and it provides an affordable option to the self-employed, one that's already available to regular employees. It was really a question of fairness.

Mr. David Anderson: Can we talk a little about the history? I'm interested in what groups of self-employed people have had these benefits in the past. Have they been asking for them in the past? What's the history behind this?

Hon. Diane Finley: The only self-employed in Canada who have had any of these benefits, ever, are in Quebec, where there is a mandatory participation required of the self-employed in what's known as QPIP, the Quebec parental insurance program. They pay in premiums and can draw one of two forms of maternity and parental benefits. That's the only place where any of these have been available in Canada.

That's why I say that this is probably the most significant enhancement to the employment insurance program in a decade. It's really about giving employers, the self-employed, the same privileges and opportunities to look after their families and to balance work and family that many of their employees have. It's the right thing to do. It encourages entrepreneurialism, but it also encourages the mainstay of Canadian society: strong family relationships.

Mr. David Anderson: You talked a little earlier about the labour survey that was done and the demand for these benefits in the past. I'm just wondering if you can talk a little about the reaction of Canadians to us moving ahead with this.

What has been the reaction? Do you have some anecdotes or reactions of people who either favour or oppose this?

Hon. Diane Finley: I actually have several pages of positive comments that have been made by a very wide range of groups.

I mentioned the Grain Growers of Canada, the Canadian Federation of Independent Business, the president of the Independent Contractors and Businesses Association, the Institute of Marriage and Family Canada, ACTRA, and the real estate association. I met with the Direct Sellers Association, which encompasses a lot of people, and they're all for it.

They really see this as just what we've said: fairness and giving their members the opportunity to pursue both their family dreams and their professional dreams without sacrificing one for the other. The response has been overwhelmingly positive.

The only really negative thing we've heard is that some people misunderstood and thought we were offering the regular benefits. Interestingly enough, it was the self-employed themselves who were most opposed to us offering regular EI benefits to the self-employed. I found that fascinating, I really did.

The Vice-Chair (Ms. Raymonde Folco): We'll now go into the second round.

[*Translation*]

For this second round, everyone will have five minutes.

Ms. Minna.

[*English*]

Hon. Maria Minna (Beaches—East York, Lib.): Thank you, Madam Chair.

Madam Minister, there's no question that this is a direction that most Canadians appreciate and that we do as well. However, I just

wanted to clarify some things with respect to this particular legislation.

The fact that the program is optional rather than mandatory means that the self-employed persons who are most likely to benefit from it—for example, self-employed persons who are planning to have children or have poor health—will most likely self-select to contribute to the scheme, as opposed to others who might be healthy and don't have family. In the case of employed persons, the program is mandatory for everyone and the costs of the program are spread among everyone whether they are likely to receive benefits or not. It's a wider spread. In this case, it's not, because it's self-identifying only if they need it.

Why is the program optional rather than mandatory? Do you not expect that there could be a disparate situation, with more people who need to receive actually applying while the rest don't, thus putting a heavier weight on the system? What proportion of the 2.6 million self-employed persons do you think would actually self-identify? This goes back to the actuarial...because since it's not mandatory, people who think they need it will probably be the ones most likely to apply, as opposed to those who don't think they do.

• (1615)

Hon. Diane Finley: It's been interesting to talk to the self-employed and to hear from them. Many of them are very entrepreneurial. They like a bit of risk. They also want to have some level of security for their families to compensate for the risks they take in running their own businesses. Many of them are very interested in things like the compassionate care benefits and the illness or injury benefits, even more so than the maternity and parental benefits.

So while there may be some level of self-selection, it's true, anyone who does claim benefits will have to continue paying after they've claimed that benefit, as long as they're self-employed. If they go back into paid work, they will be contributing to the EI fund that way. So there really is some mitigation there in terms of self-selection.

Hon. Maria Minna: I understand that. I guess my concern is that you may end up with a lot more people applying for it who actually intend to use it, as opposed to those who don't expect to, and this could cause problems. That's why I think an actuarial or some modelling of the program would have been helpful to see in this case.

My next question goes to another area of the program. For the self-employed, the minimum income for them to receive benefits is \$6,000, whereas for the employed it's 600 hours. What has eligibility for benefits been...? Why was eligibility converted from 600 hours to \$6,000 for the self-employed?

My concern here is that somebody who earns \$10 would probably have to work the 600 hours, but someone who has a much higher income could get to \$6,000 very quickly and therefore collect without having spent 50 or 100 hours, if they're earning good money. I don't quite understand why there's that disparity and that departure from the hourly rates.

Hon. Diane Finley: This was a fundamental challenge for us in designing this system, because the self-employed do not have an objective record of the hours they work, which regular employees do. Regular employees contribute based on the hours they have worked, the hours for which they are paid, as you're aware, which are verified by their employer. Whether it's a work week of thirty-seven and a half hours or they get paid on an hourly basis, all of those hours are recorded.

The self-employed don't have records like that, not that we can objectively verify. So what we would try to do is say, okay, what's the closest approximation so that we're not excluding people? We've said that since 600 hours can't be used, which is the standard we've used for regular employees, how do we approximate that? We wanted to make sure that we didn't set the standard too high or too low—

Hon. Maria Minna: So someone who's earned \$6,000 in a matter of one contract in a month could actually collect EI?

Hon. Diane Finley: If they paid it in a previous year? If that has been declared income, yes.

Hon. Maria Minna: It's a bit of an interesting conundrum.

The Vice-Chair (Ms. Raymonde Folco): Mr. Vellacott—

Hon. Maria Minna: Oh dear, because I have another piece—

The Vice-Chair (Ms. Raymonde Folco): —it's your turn now.

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

Thank you, Minister, for being here.

Earlier you mentioned some examples of organizations across the country that represent self-employed people who support this bill. I've been hearing from a lot of people well before this, and in fact, going back to the previous election and before that. There were different ones who were advocating—or agitating, if you will—for us to have a program like this. As a party, we indicated then that we would be supportive of such a move. That was part of the platform and all. So I've received some fairly good comments in my interactions here.

You're a very busy minister, I know, but you do get out of Ottawa. You get back into your riding and you get across the country a great deal more than I do, so could you expand a little on the reaction you've received from Canadians who are affected by the changes?

The second part of my question is about how we have made the program optional rather than mandatory. I assume there to be some good reasons for that, at least at this juncture. You may want to comment in respect of that as well.

But just the general reaction, I guess, that you've monitored and maybe got directly from your own constituency.... I know that's where you want to serve well, not only as a minister for the nation, but in regard to your own constituency. What has been the reaction? Does it reflect what others among us have been hearing with respect to a positive response in the country?

•(1620)

Hon. Diane Finley: As Mr. Lobb mentioned, mine is a very rural riding, with a lot of farmers. In fact, over half of our economy comes

from agriculture and agrifood. We have a lot of small businesses and people who are self-employed, and they are very pleased to see this coming.

I've been hearing from people right across the country. They're saying that this has been a long time coming and they've echoed the word that's in the title of this bill: it's about "fairness". Many of them have been in a situation where they've been deemed to be self-employed, and they have a lot of employees who go off on maternity leave or who get paid time through EI while they are on an extended illness or due to injury. The owners, who are the ones creating the jobs, don't have that opportunity, so they've been very, very pleased.

The response has been overwhelmingly positive. I've been really quite pleasantly surprised by how well people are taking to this. I hope that's reflected in the take-up rates.

But it is voluntary. That was part of the commitment the Prime Minister made. He wasn't going to force people into it. It is voluntary and it's an opportunity.

Let's remember, too, that we really want to support the self-employed. Most of those people are classed as small businesses, and small and medium-sized businesses in this country create three out of every four new jobs. We want to make sure that the people who have that entrepreneurial spirit and who are willing to take some risks to grow their company and grow our economy get the supports they need, not just entrepreneurially, but on the family side as well.

Mr. Maurice Vellacott: Do I have a bit of time left?

The Vice-Chair (Ms. Raymonde Folco): Yes. You have two minutes and seven seconds.

Mr. Maurice Vellacott: I would just comment on that again. Whether you want to expand on this or not, the fact is, at least anecdotally, that in regard to whether it should be mandatory or optional, people have said, almost to a person, "Well, it's a good program and I have the option at some point of choosing to jump in". They say that it's not closing the door if they choose not to at this point and that it's their call in view of their business and the various configurations there.

So while I haven't done any kind of systematic survey, if you will, it seems to me that business people, self-employed people, at least tend to appreciate the fact that it's optional, knowing that they can get in at whatever time they so choose, I take it, and knowing that it's not mandatory. There's no coercive element, which I guess is probably in line with where we are as a party. Small-c or big-c, conservatives generally don't want to be foisting this upon people or coercing them, against their own better judgment in some cases, and where it may not suit their own particular needs and interests at that time.

That's what I'm hearing, anecdotally at least, and I assume it was that kind of backdrop or background as to why we went down this road instead.

Hon. Diane Finley: The other aspect, as you point out, is that it's a matter of choice. We expect that that lower- and middle-income self-employed people will be more likely to participate than higher-income people.

Those with higher incomes would receive a lesser benefit proportionately because of the maximum insurable earnings—in other words, the cap on how much they can collect. Those who have higher incomes also have more opportunity to set aside money for events like this.

We see a number of reasons. They may not want to participate, and that's fine, because it's their entrepreneurial spirit that is driving this. Some very small self-employed operations may not be able to afford it. They may say no to it. Or maybe it's a temporary thing for them. Maybe they're self-employed while they're looking for another job. That's fine.

But this provides flexibility. What we really don't want to do is hamstring the self-employed, because they are entrepreneurs and we want to encourage and foster that entrepreneurial spirit. That's what grows the country.

• (1625)

[Translation]

The Vice-Chair (Ms. Raymonde Folco): Mr. Lessard, you have five minutes.

Mr. Yves Lessard: Thank you, Madam Chair.

Madam Minister, we know that Quebec now has the responsibility for parental leave and that a transfer was done to cover the costs for that type of leave. We also know that the major part of what you want employment insurance to cover involves parental leave. I remind you that people who take parental leave usually use up the 35 weeks provided for in that regard, whereas only 15% of those who take sick leave use the full 15 weeks provided. For compassionate care leave, there are 6 weeks. So what this means is that the part that covers compassionate leave and sick leave is the least costly.

Can you explain how you manage to have employment insurance pay for all of the premiums for Quebec workers to obtain the two types of leave that are the least costly?

Hon. Diane Finley: In Ontario and British Columbia, self-employed workers will have to pay premiums identical to those paid by salaried workers. At this time, that is \$1.73. In Quebec, the premiums are now \$1.36. The rate is reduced because of the benefits offered by Quebec. So we are offering the same thing, that is to say premiums of \$1.36, but...

Mr. Yves Lessard: I would like you to explain something to me, please. This follows upon the questions I put to Mr. Vermaeten, earlier. Why not have determined the real costs of compassionate care leave and sick leave in order to break those costs down and have double premiums assumed, since the employer's premium is taken into consideration in this regard? Why not have done it in that way? We would have arrived at a far different result insofar as costs are concerned.

Hon. Diane Finley: First of all, let me say that Quebec men and women will for the first time have access to affordable insurance for sick leave benefits.

Mr. Yves Lessard: Yes, but answer my question. Why not do an assessment of the real costs of compassionate care leave and sick leave?

You explained the rationale for the bill, its soundness, but why not have proceeded in that way with regard to real costs? I am asking you because earlier I was not given those costs. M. Vermaeten said that he did not have those costs. Why not have carried out that exercise?

[English]

Mr. Ben Lobb: On a point of order, Madam Chair, if you reference Marleau and Montpetit—now O'Brien and Bosc—I think you will find, on standing committees, the point about asking repetitious questions. Mr. Lessard may not like the answer he received, but I think it clearly states in there the piece on asking repetitious questions. I think he may want to move on and ask a different question, because I believe they've answered his question.

[Translation]

The Vice-Chair (Ms. Raymonde Folco): You have the right to reply, Mr. Lessard.

Mr. Yves Lessard: If my colleague had followed the discussion correctly he would have seen that there was no repetitive question. This is a completely different question. I am asking why you did not assess the real costs of these two benefits. Why was this not done in order to set a fair premium that was related to the costs?

• (1630)

[English]

Mr. Frank Vermaeten: In fact, we've done very careful calculations. As I pointed out before, these calculations were confirmed by our chief actuary.

In the case of Quebec, I think the essence of your question is this: is the rate that's being proposed in Quebec, \$1.36, fair for the sickness and compassion benefits that are being provided? I believe that's the essence of your question. So you're asking—

[Translation]

Mr. Yves Lessard: That is not what I want to know, Madam Chair. I want to know why people did not proceed in this way. It is simple. I do not want to know at what cost. Why were the two benefits not assessed in this way?

The Vice-Chair (Ms. Raymonde Folco): Mr. Lessard, forgive me, but your time has expired. What you could perhaps do at another time is ask for figures or information to be sent to the committee, to the clerk, if you wish. But your time has expired and if I understand, we...

[English]

A point of order, Mr. Martin?

Mr. Tony Martin: Yes. In keeping with the advice you just gave to Mr. Lessard, the minister raised the spectre of self-employed not asking for regular benefits. I know there are groups that have, in fact, so I'd like you to table with the committee, if you wouldn't mind, who in fact you consulted with in terms of that information. You don't have to answer that. We're out of time.

Hon. Diane Finley: If I might clarify, I was asked what I had heard. That wasn't always in written form. Some of it was anecdotal. Some of it was in conversations with people who I met in a wide variety of circumstances, not in a formal setting where there was documentation of that, so....

The Vice-Chair (Ms. Raymonde Folco): Madam Minister, if I'm correct in this, at the very beginning of this meeting you did read off a partial list.

Is this the list you're referring to, Mr. Martin?

Mr. Tony Martin: I'm sorry?

The Vice-Chair (Ms. Raymonde Folco): On the partial list the minister read off at the beginning of this meeting, is this the list you're referring to?

Mr. Tony Martin: No.

The Vice-Chair (Ms. Raymonde Folco): It's not. Okay.

I think I'm going to have to stop this meeting.

Mr. Savage.

Mr. Michael Savage: On a point of order, Madam Chair, I haven't received a copy. We didn't get a copy of the minister's comments. I wonder if we could get a copy of the minister's comments for our use in committee.

The Vice-Chair (Ms. Raymonde Folco): We did ask for a copy.

Can we ask again for a copy of the comments you made at the very beginning of the meeting, Madam Minister?

Hon. Diane Finley: I had expected them to be here before I was. I apologize that they weren't.

The Vice-Chair (Ms. Raymonde Folco): We've not received anything, so you will send them on to us?

Hon. Diane Finley: I apologize, Madam Chair. I had expected that they would be here for the members.

The Vice-Chair (Ms. Raymonde Folco): So they'll be distributed tomorrow, possibly, or as soon as possible? Are they on their way, Madam Minister?

Hon. Diane Finley: They will be on their way before the meeting's over.

The Vice-Chair (Ms. Raymonde Folco): Thank you so much.

Hon. Diane Finley: I believe you're continuing for another hour.

The Vice-Chair (Ms. Raymonde Folco): Yes, we are. That's what I was just about to say. I'd like to thank you personally, as well as Mr. Vermaeten, Mr. Beauséjour, and Madame Binette.

[Translation]

Thank you very much.

[English]

This is the end of the first part of the meeting. In a few seconds, we will go on with the second part.

Thank you so much.

• _____ (Pause) _____

•

• (1635)

[Translation]

The Vice-Chair (Ms. Raymonde Folco): I now call to order the second part of our 57th hearing, today, Thursday, November 19. We welcome on behalf of the Department of Human Resources and Skills Development, Mr. Frank Vermaeten, Senior Assistant Deputy Minister, Skills and Employment Branch, and Mr. Louis Beauséjour, Director General, Employment Insurance Policy, Skills and Employment Branch, and on behalf of Service Canada, Ms. Liliane Binette, Assistant Deputy Minister, Operations Branch.

Since this is the second part of our meeting and since you were present for the first part, and we are continuing what was begun by the minister and her presentation a few minutes ago, we will go directly to question period. Consequently, this round of questions will be the same as the previous one. We have one hour before the end of our regular meeting.

[English]

I'd like to start with Mr. Savage. You have seven minutes.

Mr. Michael Savage: Thank you, Madam Chair.

Again, welcome. I know what fine work you folks do for the people of Canada.

Frank, you and I got to spend some time together this summer that for me was sort of bonus time with the bureaucrats, along with Minister Finley and others.

I want to go back to this issue I raised, which is causing me trouble. We support the bill and we don't want to hold up the bill. This committee has agreed that we would try to finalize our study on this by next week, so we're not trying to be difficult, but I am increasingly perplexed at the economics and the analysis that have gone behind this.

On the one hand, the minister insists that there were surveys done and there was some rigorous examination of the uptake of people who are self-employed and who want to take advantage of these benefits, enough that a rate has been set, with some confidence. Also, you have these surveys that allege to have a great deal of accurate information as to who is going to take it up, yet you can't give us a cost on it because it's optional.

There are many things that are optional, but that's what actuaries and accountants and analysts do. They plug numbers in and say "this is our model". It could be right, it could be wrong, but this is the model. Can you explain what's missing there for me? Because I don't get that.

The Vice-Chair (Ms. Raymonde Folco): Is your question directed to Mr. Vermaeten, Mr. Savage?

Mr. Michael Savage: It's for whoever would like to answer.

The Vice-Chair (Ms. Raymonde Folco): Mr. Vermaeten.

Mr. Frank Vermaeten: Thank you very much for the question.

I think we have an extremely good handle on what we think the costs and the revenues will be on this. We've gone through it in a fairly rigorous way.

Why don't I provide you just a very brief explanation of what's involved in how we get these calculations? You'll see that it does kind of narrow the band of what types of revenue figures we're talking about.

I think that when we undertake the calculations, we basically divide this up into two groups. What is the primary interest of one group, that is, to get maternity and parental benefits? What is the primary interest of the second group to get sickness and compassionate benefits? As I said earlier, while a person is able to get the full suite of benefits, there is a primary interest.

So we start with that and we ask ourselves: how many people will want to sign up to get maternity and parental benefits? We have a very firm idea of that by looking at the QPIP experience, which is a mandatory system. When we look at the mandatory system, we look at how many claims were made. We go back to recent data for 2008 and we see that we have 7,300 people who made a claim.

Because it's a mandatory system, we know basically that all those who can claim will claim, because they have no incentive not to make the claim. They've already paid into the premiums.

From that, you can extrapolate fairly clearly what is the maximum amount of claims that could occur in the rest of Canada. So you take—

•(1640)

Mr. Michael Savage: Excuse me for interrupting, Mr. Vermaeten, but I don't have a lot of time.

When I was in school my teacher always used to say that I never showed my work. Sometimes I got the answers right and sometimes I got them wrong, but I didn't show my work. I'm partly interested in that, but you do, then, have a cost of this program. What is the cost of this program going to be?

Be brief, please, because I have other questions.

Mr. Frank Vermaeten: What we have is a range of—

Mr. Michael Savage: Okay. What is the range?

Mr. Frank Vermaeten: We have the range of costs and we have a mid-point projection.

Mr. Michael Savage: What's that?

Mr. Frank Vermaeten: Well, we have that initially in the first year we'll actually make money, and then in the later years, if our projections are right on, it will not fully cover the costs and—

Mr. Michael Savage: So we would not self-sustain?

Mr. Frank Vermaeten: We think that in a steady state it will possibly be not fully self-financing, in the range of about \$70 million a year.

Mr. Michael Savage: So \$70 million a year will be the mid-range estimated—

Mr. Frank Vermaeten: A mid-range estimate—

Mr. Michael Savage: —cost to the EI fund every year.

Mr. Frank Vermaeten: Yes.

Mr. Michael Savage: That's the estimated cost. I haven't seen that figure made public. Is this the first time it's been made public?

Mr. Frank Vermaeten: I don't think we've made it public. It's a range. It's an estimate.

Can it change a little bit? Yes, as the minister said, it's possible that it actually could be closer to zero and it could possibly be a little higher. But we have a fairly firm idea here because we know that the costs and the premiums are very closely related. The more people who join, the more premiums we'll receive, and the higher the benefits will be, and vice versa.

Mr. Michael Savage: I understand that. Thank you for that. It's the first time I've heard an actual number.

My other question, then, is in terms of the actuary. The chief actuary does do some work for the Employment Insurance Commission. Would it not have been prudent to bring the chief actuary in to have a look at this before it was presented to Parliament?

Mr. Frank Vermaeten: Indeed, the chief actuary did look at it. The chief actuary is—

Mr. Michael Savage: Pardon me? The chief actuary did look at it and the minister didn't know that an hour ago?

Mr. Frank Vermaeten: Well, the chief actuary has multiple functions.

Mr. Michael Savage: I understand that.

Mr. Frank Vermaeten: He has a role as the chief actuary for the account. He also works for HRSDC as our chief actuary when we do our policy work. He and his team carefully looked at these numbers and were important in the projections of these numbers.

Mr. Michael Savage: Can we see the report of the chief actuary on this work?

Mr. Frank Vermaeten: When we do these kinds of calculations, there's no formal report. There are certainly projections, tables, etc.

Mr. Michael Savage: But the chief actuary has given assurance to your numbers that this will at most be a \$70-million cost to the EI fund. The reason it's important is that we have people who pay EI and have no choice but to do so—employers and employees.

There's a \$2 billion fund in this new EI financing board, which is not a lot. The Canadian council of actuaries told us last year that it should be \$10 billion to \$15 billion. So there's already a draw on this and it seems inevitable that there are going to be rate increases for employers and employees as a result of Bill C-50. It appears there'll be further rate increases required because of Bill C-56, if there's a cost to this program of \$70 million.

Mr. Frank Vermaeten: It is possible. As we said, our mid-point range is that it would require a one-cent increase in the rate if that happens. It may be a little bit less; it may be a tiny bit more. I think we need to put this in the context of it being a large program. The EI program is a \$15-billion to \$20-billion program.

Mr. Michael Savage: I only have a few minutes. I just want to read you something from the budget statement this year: “The Minister of Human Resources and Skills Development will be asked to establish an Expert Panel that will consult Canadians on how to best provide self-employed Canadians with access to EI maternity and parental benefits”.

Was that panel ever set up?

Mr. Frank Vermaeten: Probably not in the configuration that it was exactly put there; I think what happened was that a working group was established that you were on—

Mr. Michael Savage: So I'm the minister's expert?

• (1645)

Mr. Frank Vermaeten: No, I wouldn't go that—

Mr. Michael Savage: Is that correct? I'm the minister's expert? I'm flattered.

Mr. Frank Vermaeten: I wouldn't go that far, but there was a process that was launched with a goal to try to establish the parameters that would be recommended for designing a program. When that process didn't work out, the minister turned to the department to design the program.

Mr. Michael Savage: But that group promised in January was never formed.

Mr. Frank Vermaeten: Not that specific group. No.

The Vice-Chair (Ms. Raymonde Folco): Thank you.

Mr. Michael Savage: Thank you, Madam Chair.

The Vice-Chair (Ms. Raymonde Folco): Monsieur Lessard.

[Translation]

Mr. Yves Lessard: It is Ms. Beaudin's turn this time.

The Vice-Chair (Ms. Raymonde Folco): I had your name on my list, Mr. Lessard.

Ms. Beaudin.

Mrs. Josée Beaudin (Saint-Lambert, BQ): Thank you, Madam Chair.

Good afternoon ladies and gentlemen and thank you for being here. You say that the premium rate of \$1.73 is at the break-even point, in your opinion.

[English]

Mr. Frank Vermaeten: The \$1.73 is the current rate. On the rate that was chosen, it's a principle-based approach, where we said that employers would pay the same rate as employees without having to pay the employer portion. That's why in Quebec the rate will be \$1.36 for 2010, which is the same rate that employees pay. In the rest of Canada, the rate is \$1.73.

[Translation]

Mrs. Josée Beaudin: The amount of \$1.73 is as close as possible to the break-even point, according to your calculations. That is what you said earlier. I would like you to confirm this.

[English]

Mr. Frank Vermaeten: That is the rate that... The legislation says that the rate the self-employed pay, if they choose to opt in, for

the rest of Canada, is the same as employees pay, and in Quebec, it's also the same as employees pay. It's been determined to be—

[Translation]

Mrs. Josée Beaudin: Yes, I understand. Is it a coincidence that that amount is the same as the amount paid by salaried workers? The premium of \$1.73 that self-employed workers will have to pay is identical to that of salaried workers. Is that a coincidence?

[English]

Mr. Frank Vermaeten: It's identical. It's a principle-based approach. Other rates and principles could have been chosen, but the idea was that this is a fair rate that roughly reflects the costs. That's why we say it is very close to break-even—maybe a little more, maybe a bit less—and it is also a rate that we think is affordable. It's not an extremely low rate where it is a giveaway; it's an insurance program and we think it's a fair rate.

[Translation]

Mrs. Josée Beaudin: Very well. However, concerning the salaried workers' premium, that contains the employer's part and the employee's contribution. Earlier, you said that you estimated the cost of this to be approximately \$700 million. Can you tell us how much of this \$700 million would go to paying compassionate leave benefits, and how much would go to sickness leave and parental leave respectively?

Mr. Louis Beauséjour (Director General, Employment Insurance Policy, Skills and Employment Branch, Department of Human Resources and Skills Development): He said that the net cost would be \$70 million.

Mrs. Josée Beaudin: Okay, it would be \$70 million. Can that be broken down according to the three types of benefits?

[English]

Mr. Frank Vermaeten: Yes. We have some estimates based on the projections. Again, the costs will depend on the number of people who are joining. I think if we—

[Translation]

Mrs. Josée Beaudin: Thank you. You are estimating the cost, but you have not broken it down. There is something I do not understand. I must have missed a few math courses too when I was young, but I know that to estimate my total expenses at the end of the year I have to have some kind of idea of what my expenses are going to be.

I can't say that I will have expenses of \$50,000 this year without knowing how much it is going to cost me for my car, my food, in short without having some kind of idea beforehand.

You estimate the cost of this program to be \$70 million without being able to assess how much it will cost for each of these benefits.

[English]

Mr. Frank Vermaeten: We absolutely have. I've been trying to explain for a while how we go about...[Inaudible—Editor]...the estimate—

[Translation]

Mrs. Josée Beaudin: So what is the breakdown of the expenditures?

[English]

Mr. Frank Vermaeten: I think roughly...it depends on how many people join. As I said, I think we have a very firm number of how many people we think will join for maternity and parental benefits. The numbers work out to roughly \$200 million of benefits, I think. It's approximately that. Again, the projection on how many people join for sickness and compassionate benefits is less clear, because this hasn't been provided before. It may be in the range of about \$100 million in terms of benefits. So I think it's—

• (1650)

[Translation]

Mrs. Josée Beaudin: In the documents we read we estimate that the cost of maternity and parental benefits will represent 75% of the overall amount. Do you believe that the proportion will be much higher than 75%? Is there any chance that parental benefits will amount to much more than 75% of the total cost, in light of the fact that this could interest a large number of self-employed workers?

Where employment insurance is concerned, there is always a percentage that goes to administration; it says here that it will be 8%. Actuarial figures tell us that for salaried workers 8% of the amount of the cost of the program goes to administering it. Is that percentage taken from the \$1.73 for self-employed workers? That would take us to a figure of \$1.59. And if 75% goes to parental leave, that takes us down to \$1.19.

I did some ballpark calculations. In fact, I feel like I'm taking to you as you often talk to us when you answer us.

Did you withdraw all of these cost percentages from the \$1.73 amount?

Mr. Louis Beauséjour: You have to remember that the \$1.73 amount represents the current rate.

Mrs. Josée Beaudin: So this is this salaried workers' rate, comprised of both the employer's and the employee's contribution?

Mr. Louis Beauséjour: The amount of \$1.73 is what the employees must pay, and the plan is that this will also be the rate paid by self-employed workers.

Currently this amount is set by the government and we know that it will not be sufficient to pay all of the costs. It will probably change, because the new crown corporation will be determining the rates needed to finance the employment insurance program in future.

For the moment, we consider that this \$1.73 premium pays for everything.

Mrs. Josée Beaudin: Does that include a percentage for administration?

Mr. Louis Beauséjour: Yes, it does. Everything is included in the cost. Under the principle that has been established, self-employed workers will pay exactly the same rate, so that it will eventually become the break-even rate for the employment insurance program as a whole.

The Vice-Chair (Ms. Raymonde Folco): Thank you.

Mr. Martin.

[English]

Mr. Tony Martin: Thank you very much.

Thanks again for being here.

I just want to continue in the vein I was in with the minister and ask if any analysis was done, and if you have any figures to share with us re making the program mandatory as opposed to voluntary. The argument is made that there will be a small pot of money which ultimately will have to make the contribution to perhaps a larger ask; you talked about \$80 million at the end of the day being out there that will have to come from somewhere. The fear is that it will come from the now shrunken and limited pot of EI out there that's coming from the regular contributions of workers and employers.

Has any analysis been done of the cost of making it mandatory as opposed to voluntary?

Mr. Frank Vermaeten: In terms of designing this program, I think right at the outset it was made very clear that the government had made a commitment to make this voluntary. I think the minister explained the logic that not everybody would want to sign up for this and that it might be considered just a general tax increase for a service that many people didn't want. So I think the work really did focus on a voluntary system.

Certainly we would have some very different numbers, I suspect, if it were done on a mandatory system, but right from the outset, our parameters were fairly firmly provided by the government to develop a system that was voluntary.

Mr. Tony Martin: Is Quebec's mandatory?

• (1655)

Mr. Frank Vermaeten: Yes, it is.

Mr. Tony Martin: Are there other jurisdictions out there? The minister spoke of other jurisdictions where this is....

Mr. Frank Vermaeten: Within Canada, no. These types of benefits are not provided in other provinces—only in Quebec.

Mr. Tony Martin: No. I mean in other parts of the world.

Mr. Frank Vermaeten: Are you talking about special benefits or all benefits?

Mr. Tony Martin: It's any unemployment type of insurance for self-employed people.

Mr. Frank Vermaeten: There are some examples in the world where they have this type of system, but they are very few and far between. Generally the self-employed are not able to access many benefits, if we look at our international studies.

Would you like to add anything, Louis?

Mr. Louis Beauséjour: Yes, there are not a lot of cases. There are a couple of examples in Europe where there are different tests used—bankruptcy—that provide for some of the regular benefits. In terms of special benefits in the U.S., California has a model whereby a subgroup can access some sickness benefits, but there aren't a lot of models.

Mr. Tony Martin: Okay. Did you do any analysis or crunch any numbers around making it the full program as opposed to simply the special benefits and what that would cost?

Mr. Frank Vermaeten: The focus was on providing the special benefits on a voluntary basis. The focus was initially on maternity and parental and then was broadened to also look at sickness and compassionate benefits. The work really did focus on that.

Mr. Tony Martin: Of course, when you look at what's happening out there, the world of work is changing. My colleague Mr. Godin, from Bathurst, recognized this in his 1999 report, *The human face: unemployment insurance*. He very clearly recommended that the UI system, as it was called at the time, be extended to cover the self-employed. His anticipation was that it would be for all benefits.

I guess I'm surprised that there wasn't any analysis done to try to determine whether.... You know, if you're going to do this, you might as well try to cover as many people as possible, and in a way that recognizes the changing world of work.

I know, and I'm sure you know, many people who are now given jobs where the nature of the job is such that they have to become self-employed. There's no choice in many workplaces. You go in there as a self-employed. It's a way that particularly big industries now are finding to get out of paying a whole lot of money for benefits and different things. Workers are finding themselves with little or no choice in that.

So I don't know why you wouldn't have done that analysis.

Mr. Frank Vermaeten: If I may, we did considerable work in looking at the international experience with this type of system. I think what we see is that it's very rare to find a system like that just because of all the logistics challenges. As the minister said, it's very difficult to know when somebody has laid themselves off, for example. It is extremely difficult to try to ring-fence something to have a system with integrity where there isn't a lot of abuse, etc.

That's why, if you look at the international experience, you really don't find many EI systems that provide it. What you do find is providing support to self-employed who experience business failure. It's part of their social safety net. It's more akin to social assistance rather than being run through an employment insurance system, simply because of the design challenges.

Mr. Tony Martin: But to me it doesn't seem to be that difficult. You just set the parameters—i.e., you make so much money in a year, which you're able to determine by way of income tax that's filed. If somebody pays in and they reach the threshold, then they can collect.

Mr. Frank Vermaeten: I think there are a lot of complexities there in terms of how to determine the reason that the income went down. Is it because of reduced effort? Is it because of creative accounting? Is it because of an exogenous factor, such as an economic downturn?

I think that's what the international experience shows, that it's very difficult to design a system like this. I think that's why you will have a very hard time finding a country that provides employment insurance in situations of business downturn.

• (1700)

The Vice-Chair (Ms. Raymonde Folco): We'll now go to Mr. Dykstra.

I understand, Mr. Dykstra, you are sharing your time with Mr. Lobb.

Mr. Rick Dykstra (St. Catharines, CPC): Yes. He'll probably take a couple of minutes.

I have a couple of questions.

First, I find it intriguing; I served with Mr. Savage on the finance committee during the 39th Parliament, and he certainly wasn't.... We got along pretty well there, I think, but I'm a little surprised to see how concerned he is about dollars today versus back then.

I'm sure the Liberal Party would have benefited from your efforts when there was \$50 billion in the EI fund and it ended up not remaining there. I think, based on your efforts today, they would have listened to your sage advice on keeping the money there.

The Vice-Chair (Ms. Raymonde Folco): Excuse me, Mr. Dykstra. I think personal remarks are out of order here.

Mr. Rick Dykstra: I'm complimenting Mr. Savage on the work he's doing.

The Vice-Chair (Ms. Raymonde Folco): Well, I think personal remarks are out of order here, Mr. Dykstra.

Mr. Rick Dykstra: I do have a couple of questions with respect to implementation.

A number of the folks in my riding...and the Prime Minister was down, actually, prior to the 2008 election to talk to folks, to listen to what they had to say about this. A small business owner was asking the Prime Minister if this was something that he was going to be considering. She was running a small business—still does—and she was certainly excited to hear that this was actually going to be implemented.

One of the concerns at that round table, and one of the concerns that I have, is less to do with dollars and more to do with communications and understanding and promoting. One of the issues that we always face when we start a brand new program is folks' lack of understanding or lack of knowledge of the program.

I wonder if one of you could communicate to the committee how in fact this will be broadcast and how we will make sure that all of those who could benefit from the program, who could use the program, will be notified, or at least will have the understanding that the program exists and when it will start.

Ms. Liliane Binette (Assistant Deputy Minister, Operations Branch, Service Canada): Thank you for your question.

First of all, we will have developed a package of frequently asked questions, a set of questions and responses, that will be posted on the Web. Self-employed workers will be able to access that information.

We will also create a client fact sheet and brochure on paper and electronically, in which we are going to provide a high-level description of eligibility criteria for those EI special benefits. We will also include information to provide in different types of publicity so that people have access to the information. We also want to work with the Canada Revenue Agency to be able to send mailings to the self-employed workers so that they have access to the information.

As you know, from an implementation standpoint, we will be registering the self-employed workers that voluntarily want to opt in. We will then collect the premiums through the Canada Revenue Agency. Because they have the information about the self-employed workers, we can provide the information via specific mailings.

We will also provide self-employed workers with access to My Service Canada accounts so that they can have access to their own account when they have registered and have access to their own information in terms of receiving something or paying premiums. We are looking at a comprehensive package.

Mr. Rick Dykstra: So you've obviously had a number of meetings with CRA to determine the best means and methods of implementation.

Ms. Liliane Binette: Absolutely. We've done that with CRA and we are continuing the discussions, because self-employed workers will be able to register as of January 30, 2010. We'll give them until the end of March to register, with a date when it would start in January. That also gives us time to finalize all of the discussions with CRA in terms of when they are going to collect the premiums, as well as when they would be sending out the mailings to the self-employed workers.

• (1705)

Mr. Rick Dykstra: I have one final question and then I'll turn it over to Mr. Lobb.

One of the things with starting a new program is that there's always a concern about its implementation and getting it started up very quickly. Perhaps you could give us a very quick understanding of the seamless transition that will happen in terms of implementation.

Ms. Liliane Binette: For anyone who would like to register, we will provide information so that they know they can apply as of the end of January 2010. For the transition period, we will give them until the end of March to apply, to register retroactively to the end of January 2010.

We are developing an Internet-based registration process because we believe that self-employed workers do want to use electronic services. They already deal with the Canada Revenue Agency via the Internet, so we want to give them that opportunity. Of course, for those who are not using the Web, there will be the possibility of a paper application as well. We will also have the network of call centres that will be able to answer questions for the self-employed workers.

Mr. Rick Dykstra: That's dynamite. Thank you.

The Vice-Chair (Ms. Raymonde Folco): Mr. Lobb.

Mr. Ben Lobb: How much time do I have, Madam Chair?

The Vice-Chair (Ms. Raymonde Folco): You have one minute and four seconds.

Mr. Ben Lobb: Thank you very much.

I had a compliment for Mr. Savage's new-found financial zest, too, but maybe I'll save that for another time.

In my riding of Huron-Bruce, like many ridings across this country, I'm sure, females play a pretty strongly predominant role in the small business community. They have some tremendously successful businesses throughout the riding I represent. I wondered if you could comment a little more about how this came to be and the impact it's going to have on self-employed females, because I really believe this is going to really help the family and the family business.

Mr. Frank Vermaeten: I could certainly provide a few comments.

First of all, roughly one-third of those who are self-employed are females. There is certainly a large number of women out there who can potentially benefit from this, be it for the maternity and parental benefits or for the sickness and compassionate care.

If we turn to the claims made under the current system, what we see is that a large percentage of those claims are in fact made by women, so it gives you an indication of, potentially, the share of total claims that could come from women. We have 87% of parental claims, biological and adoptive, being made by women, and 59% of sickness claims and 74% of compassionate claims. You can see that women in general are very interested in these benefits.

If you turn to the self-employed, as I said, you have one million women, and about one-third of those are in the childbearing years. You certainly have a large number who could benefit from this. Our assumption is that it will be a very important benefit to allow people to raise families and to get that extra income security with respect to sickness and compassionate care.

The Vice-Chair (Ms. Raymonde Folco): We are now into the second round of five minutes.

Madam Minna.

Hon. Maria Minna: Thank you.

I have two or three questions.

Very briefly, the first one is this. When did you start looking at this particular self-employment piece? This is just a quick question.

Mr. Frank Vermaeten: I think there was significant background work done in the early part of 2009 and the early summer of 2009. The bulk of the policy work, when we were given clear directions on what this was to look like, was done in the middle to latter part of the summer and the early part of the fall.

Hon. Maria Minna: Thank you.

I want to go back to what I was asking the minister earlier with respect to the \$6,000 equating to 600 hours. At \$10 an hour or that \$6,000, if someone is earning a lot less, what that would be.... My question is that...yes, women are self-employed, but they also tend to earn less than the males. They are also the ones looking after family and so on so they would take longer and would need many more hours to qualify. Someone else could easily qualify within one or two months' work. Potentially, you could have the husband eligible to apply for parental leave and not the spouse, because she may not have her 600 hours.

I'm trying to understand how you are equating those two. Also, was there a proper gender analysis done on this particular piece of legislation?

• (1710)

Mr. Frank Vermaeten: I think you must have a threshold. The threshold that was chosen, the \$6,000, was designed to be quite inclusive. Again, as the minister explained, we went from converting the 600 hours to trying to get a way to have an income threshold, the \$6,000. So yes, some people will work more hours and some people will work fewer hours. While of course not everybody will be eligible, those who are earning a significant share of their income will be eligible and—

Hon. Maria Minna: Was there a proper gender analysis done on this piece of legislation?

Mr. Frank Vermaeten: In all our policies, we analyze the impacts on gender as well as other things. As I just pointed out—

Hon. Maria Minna: I'm sorry, but I have only five minutes compared to the others.

I asked, when we were discussing Bill C-50, for a copy of the gender analysis. I didn't get it.

May I ask, please, Madam Chair, for this one?

Could you send us a copy of the gender analysis that was done on this bill?

Mr. Frank Vermaeten: We can send you information on gender analysis. Absolutely.

Hon. Maria Minna: Thank you.

I now want to add something else. Here we have 600 hours, but because it's not equated to dollars, someone potentially could qualify for a lot fewer hours. Meanwhile, we have part-time workers. Most of the part-time workers, unlike those in this category, are actually women who cannot apply for parental leave. Most of the female part-time workers today do not qualify for parental leave. Even though they pay into EI, they never qualify for any of the benefits, so in essence they are going to be subsidizing others.

Has a proper analysis been done at EI on how all of these programs that are coming piecemeal will impact on women? Has your department done that? That's what frustrates me as a member here. Has that work been done? And that's not just on this piece; it comes piecemeal and I have to try to figure out how women are impacted. It's really frustrating. Has there been a piece of work done on how EI programs are impacting on women and every time there is a piece done...to make sure it is inclusive?

Mr. Frank Vermaeten: I think there's been a lot of analysis done on the impact of the employment insurance program on women. As I just indicated, I think the proof is in the statistics I just gave: that it's primarily women who are benefiting from the parental, the sickness, the compassionate—

Hon. Maria Minna: Then why aren't we expanding it to part-time workers? The 600 hours does not lower the threshold—

Mr. Frank Vermaeten: Part-time workers are completely eligible for this, but we do have—

Hon. Maria Minna: But the hours they have to meet—

Mr. Frank Vermaeten: We do have a threshold for this, as we have a threshold in the regular system.

Hon. Maria Minna: No. With all due respect, the threshold for this, if I may say so, is 600 hours. Yes, that's fair, except for when you get down to \$6,000. That's a lot less for someone who earns \$6,000 in a month. Before I was elected, I was earning about \$12,000 to \$15,000 a month, so I could have done it in a month. Meanwhile, another one of my colleagues who was working for \$8 to \$10 an hour could not.

So do you see the discrepancy here? When you equate it to a dollar, it's different.

Mr. Frank Vermaeten: As the minister pointed out, you can't use hours as the threshold—

Hon. Maria Minna: I understand, but all I'm saying—and I'm sorry to interrupt, but I'm running out of time—is that for this particular group, the self-employed, we're using a dollar figure, which makes it easier. For the part-timers, we're insisting only on the hourly, which makes it harder, and most of them cannot access it. I see women in my riding all the time who cannot access parental leave.

Mr. Frank Vermaeten: I guess the question here is that you have to set up a threshold. This individual has to earn \$6,000 over the course of one year. So this really is targeted for people who are earning a significant share of their income from this program and then would make a claim. There has to be a threshold. There's a threshold for the current system. There's a threshold for this. In our assessment, it's a reasonable threshold, and it is roughly, in some ways, comparable to the current threshold for employees.

The Vice-Chair (Ms. Raymonde Folco): Before we go further on our rounds, I note we have only 15 minutes left in this meeting and we had been promised that we would receive the minister's notes before the end of this meeting.

I was hoping, sir, that when you went to the door you would come back with a handful of sheaves of paper, but I notice that your hands are empty. Can we still hope to get these papers in the next 15 minutes?

A voice: Yes.

The Vice-Chair (Mrs. Raymonde Folco): Thank you so much.

The next person is Mr. Dykstra again.

• (1715)

Mr. Rick Dykstra: Thank you.

I'm going to ask a question, but Mr. Lobb is doing such a great job that I'll probably give him the rest of my time.

One of the issues and, I guess, the complicated part of the employment insurance program is the fact that intermittently you can go back to work. You can then apply again for EI or you can actually go back to work and earn a little bit of money before it.... Well, I guess it does start to work against the employment cheque you receive from the federal government.

Is the same set-up going to work for self-employed individuals so that they in fact might be able to do a small bit of work without it having an impact on the benefit they'd be receiving while on leave?

Mr. Frank Vermaeten: What we've tried to do, where at all possible, is to mirror the system that's currently available. So yes indeed, for this issue, in terms of earning income while on claim, the same parameters have been set up. So in the case of maternity and parental, there is a certain threshold you can earn without it reducing your EI, and after that if you go beyond the threshold, your EI is reduced dollar for dollar. So yes, it mirrors it exactly.

In the case of sickness, under the current system if you earn income at the same time, that is reduced dollar for dollar and there is no initial exemption. The same system here is provided for self-employed.

Do you want to add anything to that, Louis?

Mr. Louis Beauséjour: I just want to say that in fact maternity and sickness are treated the same way in that basically the earnings are taken into account dollar for dollar. I just wanted to add that clarification. For the other type of benefit, there's a threshold that people can earn.

Mr. Rick Dykstra: Madam Chair, I'll turn the rest of my time over to Mr. Lobb.

Mr. Ben Lobb: Thank you very much.

I wanted to talk about some of the maximum benefits. On your page 3, about the timing of the benefits, could you explain just for the people at home? Under the compassionate care.... Oftentimes an elderly person may get sick and then get sick again, and I just wondered if you could explain to the committee how that will work if, say, a family member is sick a couple of times throughout the year.

Mr. Louis Beauséjour: For compassionate care, I think the rule is that you could get six weeks of benefits if the relative is at risk of death during the next 26-week time period. Basically, you could use the six weeks of benefits during that 26-week period. If the person does not die and you have not used up the six weeks, you can reapply with a new doctor's certificate.

Mr. Ben Lobb: For the viewers at home, and hypothetically speaking, if I were to be self-employed and my spouse was self-employed, would we be able to split that time? Could we do six weeks each or would we do three weeks each and split the six weeks?

Mr. Louis Beauséjour: I will need to confirm that for compassionate care.

Mr. Ben Lobb: Okay. Thank you very much.

I'm not sure on this, but I'll ask this question, too, on the maternity and paternity benefits. In today's environment, employed people can split their time for maternity and paternity benefits. If both are deemed self-employed, can self-employed people split their time as well?

Mr. Frank Vermaeten: Yes. If they both opt into the program and they both pay premiums, they can split the time.

Mr. Ben Lobb: Obviously, the first part, with the maternity section, that would be one.... But yes, okay. Thanks very much.

Madam Chair, do I have time left?

The Vice-Chair (Ms. Raymonde Folco): You have 27 seconds.

Mr. Ben Lobb: I wonder if I could build on Mr. Dykstra's question about getting the message out. If or when the bill receives royal assent, one of the things we want to make sure of is that as many young couples as possible—and self-employed people in general—are educated and notified and start paying into the program.

Could you touch on a few other points that you may have missed before?

• (1720)

Ms. Liliane Binette: I can mention the fact that with the Canada Revenue Agency we know who is self-employed. That will be quite good in order to send mailings to all self-employed workers to inform them about this new programming and how they can register to have access to those benefits.

As I said, in addition to working with the Canada Revenue Agency, we want to provide the information on the Web. We also want to work with associations like, for example, the Canadian Payroll Association. Self-employed workers often use accountants and the Canadian Payroll Association for their businesses and we will make them aware of the new programming as well.

The Vice-Chair (Ms. Raymonde Folco): Do you need more time? You're okay?

[*Translation*]

Mr. Lessard, you have the floor.

Mr. Yves Lessard: As I understand it, the rate is established based on all contributions, be they from the rest of Canada or from Quebec, and that \$1.73 and \$1.38 are rates calculated on the basis of principle and not of cost-effectiveness.

Are we wrong to say that the cost of parental and maternity leave is higher than the cost of compassionate leave and sickness leave combined? It is, is it not?

[*English*]

Mr. Frank Vermaeten: Certainly with the maternity and parental, you're entitled to 50 weeks, while for sickness, it's 15 weeks, and for compassionate, six weeks, so yes, the costs per claim are generally higher for that.

[Translation]

Mr. Yves Lessard: Okay. Thank you very much. In this case, that was a precise answer.

Looking at the calculation of the real costs of sickness leave and maternity leave for the rest of Canada in relation to the transfer made to Quebec for parental leave, or 35¢, our calculations give the same rate for compassionate and maternity leave. That still leaves us with 35¢. For Quebec, the other 35¢ does not apply because it has already been transferred. If we add the normal employer's contribution, we get 0.40. So, 70¢ plus the 1.40 gives us about 90¢.

Do you not see that there is a significant gap between the real cost and the cost that requires a contribution, between 90¢ and \$1.38?

[English]

Mr. Frank Vermaeten: I think the question you're asking is.... In the case of the current system and maternity and parental, we reduce Quebec's rate by equivalent to 90¢. Is that what you're saying? Or, we're compensating Quebec by a rate reduction of 90¢, so that, roughly, is an indication of how much it costs to provide maternity and parental benefits, that 90¢. I think what you're saying is "let's take that number and translate it for the rate for Quebec".

I think you have to take into account that in the case of that rate reduction we're talking about a non-voluntary system. The rate reduction, the 35¢, which, if you do the math, works out to about 90¢, takes into account that this is a non-voluntary system where the risk and the clientele are very different.

I think there are two major differences when you look at the types of individuals making sickness and compassionate claims in the context of the voluntary system. First of all, you're going to have some self-selection. Those people who think they may benefit will be more inclined to join. That's true with any voluntary insurance system. The second thing is that in the case of the employees generally, in many cases when they go to make a claim when they are sick, they first turn to their employer, and their employer provides that type of benefit. So it's a claim more of last resort; that may be one way to articulate it.

So what you have is a very different cost structure when it's a mandatory system with a very different clientele, and so—

• (1725)

[Translation]

Mr. Yves Lessard: The answer is clear. Thank you very much.

I am going to let my colleague Mrs. Beaudoin ask some more questions.

Mrs. Josée Beaudin: Mr. Beauséjour, I asked you earlier if, from your estimate of \$70 million for this program, you could give me the breakdown for the three kinds of benefits. You were just about to answer.

Mr. Louis Beauséjour: It is about a third.

Mrs. Josée Beaudin: Can you give it to me in figures? You were going to earlier. You started to say 200, then you stopped. If you cannot provide this information now, can you do so in writing in 24 hours? Then, as parliamentarians, we would at least have the information we need in order for us to take a position on this

initiative that, among other things, involves significant expenses in Quebec and the other provinces.

Mr. Louis Beauséjour: I think that it is possible. We will do our best.

The Vice-Chair (Ms. Raymonde Folco): Yes or no? Could you please get the information to us by tomorrow afternoon?

Mr. Louis Beauséjour: We will do everything in our power to make it available as soon as possible.

Mrs. Josée Beaudin: In other words, you cannot guarantee it.

Mr. Louis Beauséjour: I cannot guarantee it because there is an approval process. We will work with all due diligence to get the information to you as quickly as possible.

Mrs. Josée Beaudin: Fine.

The Vice-Chair (Ms. Raymonde Folco): If it turns out that you cannot get it to us, would you please let us know? I also note that we are still waiting for the minister's famous speech.

Mr. Yves Lessard: It is simply a point of information, Madam Chair.

The Vice-Chair (Ms. Raymonde Folco): I told Mr. Savage that I would give him two or three minutes. You too, Mr. Lessard. If anyone on that side has a quick question to ask, I am happy for him to do so, but we really are at the end of the round.

Mr. Savage.

[English]

Mr. Michael Savage: I don't have a question, Chair. I just want to make a comment. One of the things that makes me uncomfortable at committees is when we have officials here and it appears that we're in conflict with the officials. I have no issue with the Department of Human Resources and Skills Development. I appreciate Madame Binette, Mr. Vermaeten, and Monsieur Beauséjour coming here.

We have significant issues on many occasions with their political masters, and we've made that clear, but I know it's not always comfortable. I appreciate the officials coming here and doing the best they can with the questions we have.

Thank you, Chair.

[Translation]

Ms. Raymonde Folco: Mr. Lessard.

Mr. Yves Lessard: This is along the same lines, Madam Chair. I am happy that you are chairing the meeting because I know that, in the past, we have had situations where the officials whom we invited were given a great deal of latitude in providing us with information, even when the calculations had been done, and so on. It seemed to me that, with the rights and the authority we have as a committee, we should have received the information automatically. I have a hard time understanding the situation. They have the information and they have to get authorization to send it to us. This is by no means a criticism of our friends the officials, but I find this political way of doing things very tiresome. I regret the fact that they do not have the flexibility they require to provide us with the information. Seldom have I sensed such a malaise all through a meeting, in the answers given to questions asked by our colleagues and by ourselves. Once again, my criticism is not directed to our friends.

Madam Chair, I am not sure how we go about stopping this game of cat and mouse that is being played here. We are the ones who have to make the decisions, and if we want those decisions to be enlightened ones for the public good, we must have all the information.

• (1730)

The Vice-Chair (Ms. Raymonde Folco): Mr. Lessard, that is why I stepped in a few moments ago to tell our witnesses that I would appreciate, that is, that the clerk of this committee would appreciate being informed if ever it is not possible to provide all the information that the members of this committee have asked for. At that point, we can follow up. At the moment, we have no reason to

suppose that the information will not arrive. So let us wait and see. If that is not the case, we will be able to react accordingly. Anyway, it is recorded in the transcript of this meeting.

Ms. Binette, Mr. Vermaeten, Mr. Beauséjour, we would like to thank you. I am always impressed by number crunchers such as yourselves, and I include Mrs. Beaudin in that group.

Thank you very much, and we look forward to seeing you again.

[*English*]

Members, would you stay for two seconds just so I can give you the information for next week?

If you remember, Tuesday's meeting will be divided into two parts, with four witnesses for the first hour and four witnesses for the second hour, as will Thursday's meeting, with four and four. This leads us to a really major problem, because when do we do clause-by-clause?

I am awaiting the return of our chair so that we can discuss with him, possibly even on Monday, when we can add an extra session. We might be able to do the clause-by-clause on Thursday. We have to; we have no choice. We must table it by Friday. We have promised.

Thank you so much.

The meeting is adjourned.

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