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Chair: Mr. Sean Casey



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• (1530)

[English]

The Chair (Mr. Sean Casey (Charlottetown, Lib.)): I call this meeting to order.

Welcome to meeting number 28 of the House of Commons Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities.

Colleagues, I understand that we are anticipating bells to ring to summon us to a vote at 5:15 eastern. When the bells start to ring, I will be asking for the unanimous consent of the committee to continue until our appointed hour, which is 5:30. I just wanted to give you a heads-up for that. Our hope is that we'll get in the full two hours—if needed. The second half of today's meeting is drafting instructions.

Today's meeting is taking place in a hybrid format, pursuant to the House order of January 25, 2021. The proceedings will be made available via the House of Commons website. The webcast will always show the person speaking, rather than the entirety of the committee.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Wednesday, October 28, 2020, the committee will resume its study of the review of the employment insurance program.

I'd like to welcome our witnesses to begin our discussion with five minutes of opening remarks followed by rounds of questions. We have with us today, from Canada's Building Trades Unions, Sean Strickland, executive director. From the Canadian Chamber of Commerce, we have Leah Nord, senior director, workforce strategies and inclusive growth. From the Workers' Action Centre, we have Pam Frache, organizer.

For the benefit of those witnesses, I'd like to make a few additional comments. Interpretation for this video conference will work very much like a regular committee meeting. You have the choice, at the bottom of your screen, of the floor, English or French. When speaking, please speak slowly and clearly, and when you're not speaking, your mike should be on mute.

With that, we're going to begin with Mr. Strickland for five minutes.

Welcome to the committee, Mr. Strickland. You have the floor.

Mr. Sean Strickland (Executive Director, Canada's Building Trades Unions): Thank you very much, Mr. Chairman. It's a pleasure to be here this afternoon.

Good afternoon. Thank you for the opportunity to address the committee on reforms to the employment insurance system that reflect the needs of Canadian workers.

Sean Strickland is my name. I'm the executive director of Canada's Building Trades Unions. We represent 14 international construction trade unions, and we have over half a million members across Canada.

Reforming employment insurance has long been a high priority for Canada's Building Trades Unions, and the pandemic has put a light on cracks in the system, as you're very much aware. I want to thank the committee for the work you are doing.

We appreciate the government's measures to support Canadians through the pandemic—unprecedented times for sure. The recent extensions of benefits through the budget—the Canada recovery benefit, the Canada emergency wage subsidy and extending sick leave—will help workers through this unprecedented time. We're also encouraged by the announcement we heard from the Province of Ontario today in terms of paid sick days, and we are looking forward to the successful rollout of that program as well, as it will help our members deal with the pandemic.

The construction industry accounts for 6% of Canada's GDP, and the industry has been a key player in keeping the economy going during the pandemic. However, industry employment is down from pre-pandemic levels, with unemployment nationally at 8% and much higher in certain regions of the country. The additional supports and the CERB have helped bridge the gap, and current reforms to EI are an opportunity to better support workers in the long term.

In our brief, we have included eight recommendations to update the EI system. I'd like to expand on a few of those in the time I have.

Let's talk about apprentices. Currently, apprentices enrolled and participating in the in-class portion of their apprenticeship, which often lasts only a few months over a period of years, often do not receive their entitlements from EI until after training is completed. This wait creates an economic barrier for apprentices to complete the in-class portion of the training and challenge the certification exam. To grow Canada's skilled trades workforce, we need to expedite the EI applications for apprentices to allow them to receive EI payments faster and complete their training.

As we look to rebuild our economy, we recognize the changing nature of work, and we've included recommendations to extend the EI training support benefit, address the limits in the Canada training benefit and support workers seeking retraining or skill upgrading.

There are a few key areas that we need to focus on. For example, Canada's energy sector is changing. As it changes, so does the nature of work, and a just transition, including skills retraining, needs to be included to make sure no worker gets left behind. We need to lessen the confusion of navigating the system to ensure more workers can utilize training programs and benefits.

As the economy changes, we also need to crack down on employer misclassification of workers, who are often labelled as independent contractors or self-employed, allowing employers to evade EI and other payroll deductions. A recent study in Ontario by the Ontario Construction Secretariat indicates loss of revenue to governments in the magnitude of \$1.8 billion to \$3.1 billion annually. Addressing the misclassification of workers will help broaden EI's base and prevent free-riding and undercutting competition.

Canada's Building Trades Unions is also requesting that the dedicated EI program liaison officers be restored. Think of an apprentice who doesn't know the system. They submit a report to an EI office that redirects them to apply for other similar jobs, not understanding the cyclical nature of construction and how a union hiring hall works. This not only confuses the apprentice but leads to deferring apprenticeship completion. CBT recommends that each of Canada's four regions have its own liaison officer who can understand the specific issues pertaining to the region and the building trades.

I'd like to also talk about getting Canadians back to work in the construction sector. There's a private member's bill in the House, Bill C-275, which will help get workers back to work across Canada. Unlike many careers, construction is temporary, in that you build a project, complete it and then move on to the next. This can require workers to travel and to temporarily relocate for work. Costs could be too much for a worker and could disincentivize them to travel. This can create labour shortages in different regions, with high unemployment in others—something that a skilled trades mobility tax deduction would address.

- (1535)

Currently, the temporary foreign worker program is a tool used to support labour shortages. However, it is not being implemented accurately with labour market information data. This has become a bigger issue in certain trades and regions, particularly in B.C. We need to better address how temporary foreign worker applications are reviewed, make it easier for skilled trades workers to travel to

where the work is, and rely less on temporary foreign workers and government programs like EI.

I thank you for this opportunity and I look forward to answering questions later during the deliberations.

The Chair: Thank you, Mr. Strickland.

Next, we're going to hear from the Canadian Chamber of Commerce.

Ms. Nord, welcome back. I'm glad we've overcome our technical challenges. You have the floor for five minutes. Thank you.

Ms. Leah Nord (Senior Director, Workforce Strategies and Inclusive Growth, Canadian Chamber of Commerce): Good afternoon, Mr. Chair, vice-chair and committee members.

I'm speaking on behalf of the Canadian Chamber of Commerce. We represent 200,000 businesses across the country, across sectors and across sizes with our network that includes 450 chambers of commerce and boards of trade from coast to coast to coast. I am delighted to be here successfully this afternoon, and I thank the committee for the opportunity to speak about the importance of employment insurance program reform.

For a number of years, the Canadian Chamber of Commerce has been calling for a comprehensive review of the EI program, and the pandemic has further demonstrated the acute need for EI modernization. I appeared before the previous iteration of this committee just about a year ago, in May 2020, and in speaking to the need for EI reform I stated that in moving forward we needed to identify the reform needed to build a system that can respond to current and future workforce needs, ensure Canadians remain connected to the labour force, and ensure that somewhere there is a strong component of upskilling and re-skilling for displaced workers.

I say the same thing today. Our recommendation is as follows.

The Canadian chamber recommends that the federal government immediately start a tripartite-led comprehensive review of the EI insurance program through discussion and data-driven decision-making to ensure that the EI's governance, programs, policies and operations are viable and sustainable, responsive and adaptive, non-partisan, inclusive and relevant for current and future generations of Canadian employers and employees.

In the time I have remaining, I will make a few brief comments on aspects contained in this recommendation to provide further contextualization. I'm actually going to start with my last one and work my way back. Hopefully I'll have time.

My fourth and likely most important comment is that the EI system must be viable and sustainable. Under the current iteration of EI support, you have heard from ESDC officials that there is an additional \$10 billion in EI benefits that are being paid under the expanded EI eligibility, admittedly mostly by government, as premiums are frozen, along with over \$10 billion in expenditures for three additional benefit programs: the CRB, CRCB and CRSB. Further, over the past weeks in this review, you have heard recommendations that have included permanently expanding EI eligibility, changing zones, expanding sick leave and adding additional income supports, raising the payment floors and including other active measures.

Quite simply, how much does this cost and how can it reasonably be funded? I will return to my first comment and close with that in a moment.

Another recommendation within this is that the reform system must be inclusive. We believe that with one important caveat, which is the fact that the gig economy does not wholly equate to precarious work. Again, I spoke in front of a previous iteration of this committee at length in April 2019 about this and can further elaborate in the Q and A period, but the bottom line is that, until we determine where the challenges and issues lie with the gig economy, we should not be jumping to program solutions and any solutions should be optional, responding to the needs and desires of the gig workers and self-employed themselves.

Our third recommendation here is that this review must involve discussions—not consultations—that are tripartite-led, a true social dialogue. As a reminder, the EI system is supported seven-twelfths or 58% by employers, and five-twelfths or 42% by employees. Business and labour must be at the table in a meaningful way, and the EI Commission must continue to play a central governance role.

Our final recommendation is to first note that the EI program is complex. This review must be comprehensive, examining both parts I and II, with all the moving pieces therein. A necessary approach is to take a step back and look at modernization through a lens that focuses on the future of work and what is needed to have an adaptable system.

• (1540)

This includes some of the following points: (a) teleworking and working from home, suburbanization and ruralization, and labour mobility, both within and outside Canada; (b) professional pivots, upskilling, lifelong learning, education and training; (c) digitization, automation, industry 4.0 and artificial intelligence; (d) all sorts of workers: foreign workers, seasonal workers, older workers staying longer in the workforce, self-employed workers and gig workers; and (e), the foundation for all of this, economic competitiveness.

In conclusion, we must take a look at the big picture and look forward to what is needed and where it belongs, because not everything can or should fit into the EI program. We must look at how it

could be afforded. In this regard, decisions need to be data-driven and costed. We can look at other examples, either internationally—at Australia, Denmark and Germany—or here in Canada, for example, the Canada pension plan, workers' compensation plan or the QPIP.

Thank you. I look forward to answering any questions.

The Chair: Thank you, Ms. Nord.

Finally, we have the Workers' Action Centre.

Ms. Frache, welcome to the committee. You have the floor for five minutes.

Ms. Pam Frache (Organizer, Workers' Action Centre): Thank you very much. I'm glad to be here.

Yes, I'm an organizer with the Workers' Action Centre, but I'm also speaking today as a signatory to the submission by the inter-provincial employment insurance working group. This submission is signed by over 80 labour and frontline advocacy organizations. It contains recommendations that are grounded in workers' lived experience, with recommendations that could transform access to EI for millions.

I'm sure you are all well aware of the fact that today, only about 40% of unemployed people are receiving EI income supports when they're out of work. I'm sure you all also know that in urban centres the situation is even worse, with only about 30% of unemployed workers receiving income support.

I want to use my time today to help us understand why this is happening. First of all, I think we need to disabuse ourselves of the notion that seasonal work is pertinent only to particular industries or provinces. If we replaced the term "seasonal work" in our minds with the term "non-full-year employment", it's very easy to see that the issue of non-full-year employment is an issue everywhere, in urban centres as well as rural areas, and from the education sector to the retail sector. We know that fluctuating demand for services results in non-standard, non-full-year employment.

Let's remind ourselves that the services sector now comprises 80% of all jobs in Canada. That's a remarkable transformation. In retail, the average workweek is only about 28 hours, so the notion of a 40-hour workweek or even a 35-hour workweek is of a bygone era.

I do agree with my previous colleague. We also must end the rampant misclassification of workers. Too many so-called gig workers are ordinary workers who are, in fact, misclassified and are entitled to all the protections and entitlements under the law.

Why is it that workers are not getting EI when they need it? I want to run through three broad areas.

One is that workers are simply not getting enough hours to fulfill the hours requirement. While we welcome the recent announcement of a single universal standard of 420 hours to qualify for EI, we believe it should be reduced further to 360 hours or 12 weeks of work, whichever is best for the worker. We believe this should be the standard for both regular and special benefits. Of course, this change must be made permanent. If I get a chance, I'd love to elaborate on this further.

Two, workers are disqualified from EI when they have "quit" or "fired" on their record of employment. This rule is punitive, unnecessary and fails to recognize the reality of the labour market today. Until there is strong, just-cause protection legislation in every province for every worker, there's no denying the arbitrary nature of firings in the workplace. In Ontario, the employer doesn't even have to provide a reason for firing a worker. At the same time, workers also quit their jobs for a variety of very legitimate reasons, including racism on the job, scheduling changes or even health and safety reasons.

While we're getting rid of arbitrary rules, COVID has reminded us how important migrant workers are to the economy. We must get rid of the punitive and arbitrary rules that exclude migrant workers from accessing regular and special benefits.

Lastly, a big reason workers aren't getting EI when they need it is that they've exhausted their benefits because they don't last long enough.

Now I want to turn my attention to the improvements in EI income supports. Not only do we need to make sure EI is there when workers need it and when the economy needs it as well. We also want to make sure it's enough for workers to live on, and let me just say that 55% of income is not an adequate replacement. Especially when you think of the poverty-level minimum wage rates across the country, 55% of a subpoverty minimum wage is simply unsustainable. We need income replacement of up to 60% to 70%, and the earnings should be based on the worker's best 12 weeks of income.

In addition, we should be raising the ceiling on insurable earnings. This would have the effect of increasing revenues for the EI fund, as well as increasing weekly income supports.

Finally, on the question of revenue, EI is currently funded solely through employer and employee contributions, as was noted. We urge the federal government to come back to the table, put its pillar of funding on the table and restore the three pillars of funding that used to sustain EI in its heyday.

• (1545)

We know that this system can do what it needs to do for workers and for the economy. We just need to now implement the changes that are going to make it happen.

We should have a comprehensive review. Any of the temporary best changes that have just been announced should be made permanent. Let's find the political will to make it happen. We know from COVID this is the time to do it. We can't wait a minute longer.

Thanks very much for your time.

The Chair: Thank you, Ms. Frache. We're going to begin now with rounds of questions, starting with the Conservatives.

We'll go to Ms. Dancho, please, for six minutes.

Ms. Raquel Dancho (Kildonan—St. Paul, CPC): Thank you, Mr. Chair.

Thank you to the witnesses for your excellent opening remarks. I took a lot of notes. It's just wonderful to have so many experts here today, so thank you for being with us.

Ms. Nord, I have a number of questions for you. Thank you for your remarks. Again, you mentioned you represent over 200,000 businesses in Canada, so I'm really looking forward to hearing some of the feedback you've heard from those businesses on their experience with EI and how it can be improved for everyone.

You outlined a number of these things in your opening remarks, but before I get into that, I just wanted to ask you about the EI employer commissioner. As we know, there has not been an EI employer commissioner since January, I believe, when the former commissioner was not renewed, and there has not been a replacement. I just wanted to get your perspective about why an EI employer commissioner is important and why we need someone at the table as soon as possible, given we're talking about reform.

Ms. Leah Nord: Good afternoon and thank you for the question.

It is a critically important position because the EI Commission is tripartite. That's the basis and is the foundation of the governance of the EI Commission. We have stated that should remain as the centrality of the governance system, so in the absence of an EI commissioner for employers, there are consultations, there are discussions and there are decisions being made without the voice of business at the table.

We have expressed our concerns. We have written.... Most recently, 15 business associations wrote a letter at the end of March to the minister to express our continued concern about the absence at this critical time. Even as somebody is on board, we understand it is an issue of importance. We're told it's imminent, but there's still going to be a period of onboarding, and we're all aware of this looming September deadline. It is of great concern to us.

• (1550)

Ms. Raquel Dancho: I appreciate that, Ms. Nord. We had Minister Qualtrough in and she had an opportunity to answer a lot of questions from committee members. When I asked her about this, she did sort of defer to how she's met with CFIB, and she....

I don't want to put words in her mouth, but my take-away was that she was relying on CFIB, which is an excellent organization. It does that similar work in research to yourself through the chamber, but do you feel that relying on CFIB rather than an EI employer commissioner is adequate, given the September deadline you mentioned?

Ms. Leah Nord: Again, CFIB is one of our close business partners. We do have a group of six, and even under the EI commissioner—under the previous one—there was a group that was called the business liaison group, and she convened a group of about 30 businesses. You get the full voice and breadth across not only sizes but also sectors across the country, and it is important because you'll see that there are different concerns and different priorities within the EI system. It's the full voice being heard.

Ms. Raquel Dancho: It's great to hear that you've been consulted on that as well.

Ms. Leah Nord: We made ourselves consulted, yes.

Ms. Raquel Dancho: Great. I'm glad to hear that she's consulting you, consulting CFIB.

Do you believe that's a replacement? Do we not need the employer EI commissioner, then?

Ms. Leah Nord: Yes, absolutely.

Ms. Raquel Dancho: We do need it?

Ms. Leah Nord: Yes.

Ms. Raquel Dancho: Okay. I understand. I think we were saying the same thing, but I'm miscommunicating. Thank you.

I also wanted to get your perspective on the last year. Can you just sum up in a few minutes what the weight and the pressure on business in Canada is and how critical is it that we...?

I would say I have heard concerns from businesses in my riding that I've met with. They're concerned about EI long term. We know there's a premium freeze, but they're concerned that it's going to skyrocket with a legislative change or something, and that could be the last straw for them.

Can you elaborate on some of the concerns you're hearing and any sort of forewarning we need to be aware of, should EI premiums go up substantially when the moratorium is done?

Ms. Leah Nord: What I would say, first of all, is that we are grateful that, in light of the expanded EI eligibility, the premiums were frozen. We don't have an indication of what that will look like outside of that, and it is very concerning. You heard from colleagues at CFIB last week. Their figure is that our members are \$170,000 in debt right now.

The Canadian chamber partners with Stats Canada on something called the Canadian survey for business conditions. The most recent survey data came out in March. I would note that was before the third wave that has hit many jurisdictions across the country. Sur-

vey data from that indicated that 50% did not know how much longer they could operate without going into bankruptcy and that 40% of those who had under 20 employees could take on no more debt, 29% of those in the size range of 20 to 100 couldn't take on more debt and, of those with over 100 employees—so we're getting into our medium and bigger sizes—almost one in four cannot afford to take on any more debt.

As we look at this, I know this is only one piece, but it's a bigger puzzle of any number of things. I would note that already our businesses did take a hit with the recent rise in the CPP premium rates within the program as well.

Thank you.

Ms. Raquel Dancho: How many employees do you think could be impacted by this—you mentioned a number of statistics—if we don't get these programs right? It sounds like the government, in its budget, to its credit, has extended them. If these programs are at risk, or whatever may happen after September, how many Canadian employees could be impacted, by your estimate?

Ms. Leah Nord: I mean, first of all, give credit where credit is due. We are thankful that those wage subsidies and those new programs have been put in place for business.

It would be difficult to put a figure on it. What I will say is that small and medium-sized businesses constitute 98% of this country's business community. They are the majority: 90% of business drivers, of economic growth and of employment. Statistics between 2013 and 2017 are that about 90% of employment comes from them, so that's important.

It's also important to start looking at our bigger companies, as well, that are on that K-shaped crisis and on that downward curve as well. The impact will be significant.

Thank you.

• (1555)

Ms. Raquel Dancho: Thank you, Ms. Nord.

The Chair: Thank you, Ms. Dancho and Ms. Nord.

Next is Mr. Long, please, for six minutes.

Mr. Wayne Long (Saint John—Rothesay, Lib.): Thank you, Mr. Chair.

Good afternoon to our witnesses. It's been very interesting testimony. I thank you for that.

My questions will be for you, Mr. Strickland, from the Building Trades Unions. I certainly want to acknowledge first the great working relationship I have with Steve Schumann and Matt Whelan. We've worked on different initiatives together.

I'd certainly be remiss without saying that the MLA in my riding here is Arlene Dunn, who was a former director of the Building Trades Unions. I talk to Arlene almost on a weekly basis here.

We've been very excited—speaking about projects for trades unions—about the recent federal announcement of \$57 million here in Saint John—Rothsay for the small modular reactor project. We think that holds great hope for the future, certainly not only for southern New Brunswick but all of Atlantic Canada.

My questions for you, sir, would be as follows. I'm wondering if I can get your thoughts on the recent additions and changes to EI outlined in budget 2021, ensuring that severance and other separation monies do not delay unemployment insurance benefits.

Mr. Sean Strickland: Thank you very much for the question, Mr. Long. I really appreciate it.

Thanks for remarking on the relationship with Matt from IBEW and Steve from the operating engineers. I'm sure they're watching.

I'm sure Arlene, whom I've known for a number of years, is not watching. She's busy working on issues in the New Brunswick legislature.

Mr. Wayne Long: She is indeed.

Mr. Sean Strickland: I know Arlene's been active on the small modular reactor file as well. That's something we're really encouraged about.

It is related to my remarks in terms of transitioning workers from the traditional oil and gas energy sector into the new energy projects of the future. Projects like small modular reactors, hydrogen and carbon sequestering are going to take large capital investments. It is also going to take investments into training programs—through our union training centres and also more broadly through the community college system—to help train workers for the new greener economy. I'm not even talking about retrofits for commercial and residential buildings and industrial buildings.

That's a really important file. The creation of these new, cleaner technologies and the training that's required is really important to our members.

Permanently abolishing the clawback of separation moneys is a huge benefit to our membership. We're really quite thankful to the government and to Minister Qualtrough for including that in the budget. We have had conversations with the minister and various other MPs around the importance of this to our members.

It's really just a question of what's fair. For our union members, separation moneys are actually money they earned while they were working. It's basically a holdback from the employer. Under the previous regime, they were actually being penalized by delaying their EI claim on earnings that have already happened. This is a really good, positive step forward. It's well received by our members who have to access employment insurance.

Mr. Wayne Long: Thank you for that.

Can you expand on how EI payment delays impact apprentices?

Mr. Sean Strickland: Apprentices have to go through an in-school portion for training. Depending on your trade, it dictates how much in-school training you have.

In various jurisdictions in Canada we have what are called compulsory trades. Examples are tower crane operators, mobile crane operators, electricians, plumbers, steamfitters and sheet metal, just to name a few. Those compulsory trades have a higher requirement of in-class learning than other trades that are voluntary.

The voluntary trades still have in-class learning, but the challenge is—and this is where it really hits the road—if they're a younger worker and they have to go into a community college, for example, or an IBEW training centre to complete their in-class portion of training, they apply for EI. They can be there for three to six weeks. Oftentimes the delays are such that the apprentice has not received their EI dollars until their training's done. They're waiting six weeks without a paycheque.

Apprentices talk to each other. What do they do? They can't afford to go four to six weeks without a paycheque, so maybe they'll defer their in-class learning. When they defer their in-class learning, it stretches the length that it takes to get their certification. It delays their training and it delays their ability to perform as a certified tradesperson in Canada.

• (1600)

Mr. Wayne Long: Thanks for that.

In one of your brochures that I pulled up here today, there was some talk about the misclassification of workers. I just want you to talk about why workers in the construction industry are misclassified. How does that happen and why?

Mr. Sean Strickland: This is a huge issue, and you heard the stats that I reported from the Ontario Construction Secretariat just for Ontario alone: \$1 billion to \$3 billion a year.

What happens is this: I'm a contractor. I have to hire 10 people to perform my work. Rather than bringing them onto my payroll, I describe them as independent operators. They're independent contractors. Let's say that, being an independent contractor, they make \$2,000 a week. I give them \$2,000. It's up to them to pay EI. It's up to them to pay CPP. It's up to them to pay taxes on that. How many of those workers actually do that? That creates the problem. There's a lot of missed revenue there for governments.

The other thing is that these workers are often exploited. Then in terms of the competitiveness factor, I'm that contractor who has these workers styled as independent contractors. I have 10 employees. I'm going to bid on a project against a union contractor, for example, who has 10 employees but is paying them all the requisite dollars and wages and making the necessary remittances. The contractor who is misclassifying these workers as independent contractors has a competitive advantage against the legitimate contractor. However, I'm still not breaking the law by styling the workers as independent contractors. This is a real problem for the construction industry.

You may recall years ago—I think it was 10 years ago—that there was a terrible swing-stage accident in Etobicoke in Toronto, where three workers fell to their deaths. One survived but tragically was impaired for life afterwards. Each one of those workers was an independent contractor. This is a real challenge for our industry.

Mr. Wayne Long: Thank you, Mr. Strickland. I appreciate it.

Thanks, Mr. Chair.

The Chair: Thank you, Strickland.

Thank you, Mr. Long.

[Translation]

Ms. Chabot, you have the floor for six minutes.

Ms. Louise Chabot (Thérèse-De Blainville, BQ): Thank you, Mr. Chair.

Good afternoon. My thanks to all our witnesses for joining us.

My first questions will be for Ms. Frache.

You mentioned this in your remarks, but what interests me is that the government should once again contribute to the EI fund. We know that this is supported by the Inter-provincial EI Working Group.

Why do you think it's important for the government to fund part of the EI program, as it did in the beginning?

[English]

Ms. Pam Frache: Yes, that's a very important question. The federal government plays an important role in providing the funds and resources so that the EI system can actually include all the workers it needs to include. As a reminder, as my colleagues have also said, funding EI is an investment in the economy, not just in workers. Investing in EI, making sure that EI is there when we need it, helps to stabilize the economy. It's good for business, so that there is not a catastrophic drop in consumer demand as workers are without income supports and so forth.

We've been talking about expanding access so that it can be a genuine economic stabilizer, but I think that may seem daunting if we don't actually put all the funding streams back on the table. The federal government has always been a third partner. It should be stepping up. It has a role in determining how the economy unfolds as well. We all have a stake in it. Employers have a stake. Workers have a stake. The government has a stake. We should be funding the system so that it's there when all of us need it.

• (1605)

[Translation]

Ms. Louise Chabot: Thank you for your answer. We have known for a long time that the government no longer funds the employment insurance program.

In 2019, the annual Employment Insurance Monitoring and Assessment Report indicated that some workers were paying premiums but not getting benefits, either because they had not accumulated enough hours to qualify or because their employer, as one of our witnesses said, was giving the wrong information on why they had left their job.

In your opinion, is it important to address these issues?

[English]

Ms. Pam Frache: Thank you for those very important questions.

Around the hours question, even though technically EI eligibility is determined by the number of hours, think about even the 420 hours to qualify. That translates into a worker having to work a full 35 hours a week, uninterrupted, for three full months. To be honest, and this is especially true in urban centres for temp agency workers, there are, as the saying goes, more temp agencies in the GTA than there are Tim Hortons. This gives a sense of what's possible and what's not possible. Imagine retail; the average workweek is 28 hours. You can see how long it would take for consistent employment for workers to access the program they need when they have an interruption in earnings.

Reducing the hours is extremely important. We can see what would have happened in the COVID crisis had we not reduced hours to 120. Our committee is recommending that we reduce the hours to 360 hours or 12 weeks, whichever is best, in order to be in keeping with the realities of today's labour market. People might work for six weeks and then have an interruption. They might work for another month and then have an interruption. They might not get 28 hours a week. This is the reality of today's labour market. It helps explain why so many people aren't accessing EI when they need it.

Again, on the question of quits and fires, it's absolutely true that we need just-cause protection to prevent arbitrary decisions by employers. Let's also talk about the conditions that exist that cause workers to feel like they need to leave their job and find another job. As I said, there's racism in the workplace. Sometimes an employer will change the schedule and it's just incompatible with that worker's child care responsibilities. Sometimes there are health and safety issues. For people who work at Amazon warehouses, their bodies wear out. There are legitimate reasons people quit their jobs, and sometimes they have to do it very quickly.

Therefore, yes, we should get rid of these arbitrary rules and make sure EI is there for workers when they need it.

Thank you so much for the important questions.

[*Translation*]

Ms. Louise Chabot: Mr. Chair, how much time do I have left?

The Chair: You have 20 seconds.

Ms. Louise Chabot: So, I will direct my 20-second question to Ms. Nord, from the Canadian Chamber of Commerce.

I hear your concerns that EI needs to be reformed, but that it's going to take time, if I understand you correctly. Other groups say that the time has come to act, that there have already been many studies, that there are many indicators and that with what we know, we could change things.

Do you think we could act more quickly?

• (1610)

[*English*]

The Chair: Ms. Nord, you haven't been left any time to answer, but we'll give you a bit. Please give as brief an answer as possible. Thank you.

Ms. Leah Nord: Thank you.

Just very quickly, we need to act but we need to act prudently. We need to act on decisions that are data-driven. Everything gets thrown at the wall and we have to sort it all out. What belongs where? Does government belong paying within the system? We can't comment because we don't know how much it costs. Maybe it's a better system to take a lot of what's currently in there out of there and have it focused. It does need to happen, but it needs to happen with tripartite discussions. It needs to be costed and data-driven before we can make any final decisions moving forward. It's really important to do that.

Thank you.

The Chair: Thank you.

Next is Ms. Ashton on behalf of the NDP.

Welcome to the committee, Ms. Ashton. You have the floor for six minutes.

Ms. Niki Ashton (Churchill—Keewatinook Aski, NDP): Thank you, Chair.

My first question will be for Sean Strickland.

Before I begin, I also want to express my solidarity with IBEW members here in Manitoba who are fighting for a fair contract from Manitoba Hydro. I really appreciate the work they do day in and day out.

Mr. Strickland, I know you talked a bit about this earlier in this meeting, but I'm wondering if you could elaborate more on how employers' misclassification of workers allows them to evade paying into EI and how this business practice undermines competition by placing EI-paying employers at a disadvantage. Why is this a problem in the industry? Is it getting worse? What needs to be done right now to put a stop to this?

Mr. Sean Strickland: Thank you very much for the question. It's a very important issue for the construction industry. The only really substantive data provincially on this is from Ontario. As I indicated

earlier, it's \$1 billion to \$3 billion a year, but you can take that on a percentage basis and roll it right across the country. It's happening in every province.

I can't emphasize enough how this misclassification of workers really curtails the amount of revenue that's available to provincial and federal governments to fund programs like EI, and how it puts workers in a vulnerable position, where they're easily exploited by their employer because they don't have any real protection. The other thing it does, which is often not spoken about—and I mentioned earlier, Ms. Ashton—is the competitive nature of it. You can have contractors who are bidding for municipal contracts, for example, who don't have to make those payroll payments on behalf of their employees because they've styled them as independent contractors or independent operators. They're able to bid for a project and save that money and undercut the legitimate contractor who is making those appropriate payroll remittances to Revenue Canada, CPP, etc.

It puts workers in vulnerable positions. It does not afford them the kinds of protections that normal workers would have in an employee-employer relationship, and it also negatively impacts more legitimate contractors who are bidding for this work and making the right payments. The challenge is that the contractor who styles his or her workers as independent contractors is not breaking any law, so you can't say that they are operating illegally. However, through styling their workers in such a way, they're able to get a competitive advantage over contractors who pay their workers as they should pay them, as employees. It's a problem on multiple levels.

The other thing I didn't talk about was workers' compensation claims. In terms of solving the problem, I know years ago in Ontario, they tried to solve it by making it mandatory to pay WSIB. I don't think that has solved the problem. I think there just needs to be a government regulation or legislation that severely curtails the ability to style a worker as an independent contractor. That's the only way you're going to solve this.

Ms. Niki Ashton: I appreciate that.

I want to now turn to Ms. Frache from the Workers' Action Centre. I want to truly acknowledge the incredible work that the Workers' Action Centre does on behalf of workers, and particularly non-unionized, precarious workers, which is of course a growing working class in our country and a very much struggling working class, particularly during this pandemic.

I'm wondering if you can tell us what we need to do. I know you've touched on it a bit already. What do we need to see this government do to make EI accessible to precarious workers in Canada?

• (1615)

Ms. Pam Frache: Thank you for the question.

I think it's reducing the hours threshold and making it permanent. As I said, the step toward 420 hours is a good step forward, but it really needs to go down further. That is a very important aspect of it, because as I said, basically, the EI thresholds are still based on weekly hours of 35 hours, and as I was explaining, for most workers, 35 or 40 hours a week is just unheard of and steady employment is also unheard of. I think that's a very important point.

We also need to make sure that we raise the actual amount of income supports for workers, because honestly, when you're in a low-wage job, not even just a minimum wage job, 55% of income is just not sustainable. We need to think about raising the floor of EI income benefits—potentially 60% to 70% would be good. We saw what we did during COVID. We had a floor of \$500.

Those are the kinds of things we have to do to make sure that EI is not only there for workers and precarious employment, but that it sustains them. The other aspect of this is also extending the duration of benefits so that it's 50 weeks across the country. That's because you may get EI at the front door, but then you lose at the back door because you haven't been able to get another job in time before your benefits run out. As you know, if you have low qualifying hours, then you have low access to duration. Those things are related. We need a much longer duration.

I will do a shout-out for raising the sickness benefits from 15 weeks to 26 weeks. That's very important. Again, it should be extended to 35 weeks, and I think with COVID—the long-haulers—we're getting all of this evidence to say these are essential changes.

I have one last thing to say about migrant workers as well. They pay into this system like all of us pay into this system, and they are absolutely essential for our economy. We need to make sure that those workers are protected and that EI is there for them as well, because they're contributing to it just like we all are.

The Chair: Thank you, Ms. Frache.

Ms. Ashton, you will get a two and a half minute turn in the second round.

We're going to proceed to that second round now, beginning with Ms. Falk, please, for five minutes.

Mrs. Rosemarie Falk (Battlefords—Lloydminster, CPC): Thank you, Chair.

Thank you to all our witnesses for taking time out of their busy schedules to contribute to our study and our committee today. Thank you for being here.

Ms. Nord, I'm grateful that you made yourself available to us again today because I think it's so critical that we hear from the job creators who will be directly impacted by any changes to the EI program.

This committee has now heard from a few witnesses who have recommended that the government not implement any permanent changes to the EI system until our economy has fully recovered from this pandemic. I'm just wondering if the Chamber of Commerce would also share that viewpoint. If so, what impact would significant program changes, in advance of an economic recovery, have on your membership?

Ms. Leah Nord: I know a number of our business association partners have come out very clearly with the position that any temporary changes that have been implemented to various degrees of understanding through this pandemic, not be made permanent until we are through the pandemic. I think we would concur with this.

Having said that, the time to start discussing this is now. Again, September looms large, and so does the EI premium freeze. The impact that could have could be crushing. I spoke about the struggle that is real for large portions of our membership, the big, the small and otherwise. You look at this as one piece, but there are the other pieces as well and they're already starting behind the eight ball with the amount of debt they are incurring.

The other concern we have is how these burdens, as they increase, will affect hiring practices and getting Canadians back to work.

• (1620)

Mrs. Rosemarie Falk: Yes, and I think too in this pandemic, when I look at some of the small businesses.... I'm from Saskatchewan, so it's interesting to see the differences in restrictions and the lack of consistency, which I understand, but the unpredictability as well on some of these small businesses makes it very difficult for them to adapt, even though a lot of our small businesses have been so creative in how they can get their products out in a safe and effective manner.

We know that creating opportunity and growth are foundational to securing a strong future for all Canadians. To succeed in that goal of a stronger, more prosperous future for all Canadians, fostering a competitive and fair environment for our job creators must be a priority.

With that in mind, are there areas of the current EI program, whether it's administrative or structural, that should be reformed?

Ms. Leah Nord: Yes, I've spoken to a number of principles in EI reform. I think another one for everyone involved would be simplification. I know that's easier said than done, from both an employer and arguably an employee point of view.

Sean had spoken to this idea of navigators and navigation, and increasingly this is.... Even in the appeals process, this is important. Even more important than navigators is probably removing the need for navigation.

Mrs. Rosemarie Falk: Yes, and I think that too. Simplicity is so important, and so is plain language. We have heard over and over again in this committee how important it is for plain language so that people can understand. When you have all this jargon that people don't necessarily understand, it just deters them from accessing or attempting to access something that might be available to them.

Ms. Nord, quickly before my time ends, are there any program reforms that you would caution against, given the possibility of their potential impact on business competitiveness?

Ms. Leah Nord: Again, it's a great question, but it's really hard to say that individually without looking at the totality.

We haven't even talked about part II of the EI program and the LMDAs and all the programs that are funded there. You can't say one thing without understanding the ramifications off the board. That's why we argue that it needs to be comprehensive.

Mrs. Rosemarie Falk: Wonderful. Thank you.

The Chair: Thank you, Ms. Nord and Ms. Falk.

Next, we have Ms. Young, please, for five minutes.

Ms. Kate Young (London West, Lib.): Thank you very much, Mr. Chair. I'm going to be sharing my time with my colleague, MP Morrissey.

I'd like to start with Sean Strickland because I wanted to take this opportunity to thank your members for the hard and often dangerous work you do. You talked about an accident, I think in Toronto. A couple of months ago, there was a terrible construction accident in my riding of London West. Two workers were killed when the wall of an apartment building under construction collapsed. There also were others injured. It really underscored how important our workers are and how we often take them for granted.

Earlier, you mentioned apprenticeship training, and I wondered, in the discussion that we're having today, how the safety issue is impacted by EI benefits.

Mr. Sean Strickland: Thank you very much for the question.

I do remember the accident that you're referring to. Unfortunately, I'm sure that each member would be able to point to an example of a similar accident in their own riding.

I think it's important to recognize that generally construction is a lot safer now than it was a long time ago. Construction continues to put in place best practices, and there's COR certification. Health and safety is a core value of the unionized construction industry in Canada. Recently, there was a report, again from the Ontario Construction Secretariat, indicating how safe unionized construction is. This is a core deliverable of all of our training. All of our training is built around safety and safe practices.

On EI, when you talk about training in general, MP Young, you know that there are some questions here about recommendations to simplify the process going forward. I think one would be about how the EI today isn't the EI that it was 25 years ago. I remember that a long time ago I had to submit my cards and send them in through the mail. I really think that this training aspect, particularly given the post-pandemic recovery, needs to be, to whatever extent, hived out of the employment insurance system. Employment insurance and income support programs need to be sustainable. I agree with the Chamber of Commerce on that.

Hive that training out. We'll get that training out and get more Canadians to have access to it. Also, include safety as a component of it and you're going to see improvements to safety in co-operation with labour unions and businesses right across the country, in all sectors.

The Chair: You're at the halfway point there, Ms. Young.

• (1625)

Ms. Kate Young: Thank you very much.

I'll pass it over to MP Morrissey.

The Chair: Mr. Morrissey, welcome.

Mr. Robert Morrissey (Egmont, Lib.): Thank you, Chair.

It's good to have a chance to be back in this committee. It has been a number of years.

I have a question for you, Ms. Nord. How would you respond to the comment that the EI system is an integral and very important part of seasonal small business vis-à-vis how the seasonal small business depends on an adequate EI system to keep their trained workers available for the next period of work? Would you agree with that statement?

Ms. Leah Nord: Yes, we do realize that, and I made reference to that.

When we look at it going forward for our seasonal workers, I would argue that, in this day and age, a seasonal worker is not a seasonal worker across sectors or across the country or in geographical locations. I would actually say that they are important, but they're not a hybrid or an overall construct these days either.

Mr. Robert Morrissey: Having an EI system is important in maintaining that seasonal workforce, especially for seasonal small business.

I have a question for you, Ms. Frache. You referenced 12 weeks as a minimum, which I would agree with, a national minimum standard. Where would you view that in the areas of importance? There has been a different discussion in this panel today, and I haven't heard the history on it. Is it more important to have a minimum EI ceiling or a maximum?

Right now, during the pandemic, we have \$500, whereas in the past a lot of people could receive EI so low that they could not survive on it. I would argue as a politician that it's very important to have a minimum threshold for those people who work in low-income jobs and small weeks. Could you opine on that, Ms. Frache?

Ms. Pam Frache: Yes. It's absolutely very important to have a minimum floor. Imagine trying to live in a province where the minimum wage is \$11.90 an hour. Living on 55% of that is just untenable even if you were lucky enough to have full-time work. I couldn't agree more that we need to have a minimum level of income supports for workers so that people can survive.

Remember, their survival is also about the survival of the local economy. When workers have money in their pockets, that's precisely why EI is an economic stabilizer. We can't be thinking about it as merely an expense. We have to think about that money going back into the economy, back into local businesses and stabilizing our economy until it is able to recover. Therefore, I agree fully with you that we need a minimum and much higher proportion of income that's insured.

That said, we also need to raise the ceiling on how much income is insured. People think they have an okay job where they might make \$30,000 or \$40,000 a year and they think maybe they can live on a portion of that. However, when you see what 55% of a capped income actually is at \$45,000 or \$50,000, it's not enough for people to live on.

I think we need both. We need the minimum weekly amounts of support, but we also need to raise the ceiling on insurable income, because that will actually put more money in people's pockets, as well as increasing EI revenues for funding.

The Chair: Thank you, Ms. Frache, and thank you, Mr. Morrissey.

[Translation]

Ms. Chabot, you have two and a half minutes.

Ms. Louise Chabot: Thank you.

I will try to be brief to give the witnesses time to respond.

What I'm hearing and what concerns me is that we will have to wait until all of this is stabilized before reforming employment insurance for businesses, for companies and for workers.

I want to remind you that employment insurance already had gaps and flaws before the pandemic. It is said that nearly 60% of workers are excluded. That is a huge number. The labour market certainly needs our businesses and our companies, but it also needs workers. Strengthening the employment insurance program therefore seemed to us to be a necessity, and even more so since the pandemic.

Do you think we could act quickly to close some of the gaps in eligibility and benefits? Can you start sending us messages now?

Who would be willing to answer my question?

• (1630)

[English]

Ms. Pam Frache: Thank you.

I do think we need to move quickly on this. We knew right away, as soon as COVID hit, that the old employment insurance system was not up to the task. It is important that we address the major barriers to EI.

What's exciting about this is that it's doable. If we actually do this, EI can be restored to its heyday when it protected workers and the economy at the same time: reducing hours, eliminating the quick fires and extending the duration of benefits. Another aspect of extending the duration that's good for the economy is allowing workers to find jobs that fit their skill set, instead of their having to take survival jobs as they hit the benefit cliff, having to take a survival job that doesn't make the best use of their skills.

Again, an effective EI program is good for the economy, it's good for workers and it's good for making the best use of skills. I think it's urgent, because we can't wait and COVID has shown us that.

Ms. Leah Nord: I would ask what "effective" looks like and what it costs. What does it cost employers and employees, and the system?

We're not able to answer that until we have concrete answers to those questions.

[Translation]

The Chair: Thank you, Ms. Nord.

Thank you, Ms. Chabot.

[English]

Mr. Sean Strickland: Mr. Chairman, may I add a final comment, absolutely quickly?

I think the time for major reforms is now, and you can do that within the window of sustainability.

The Chair: Well done. Thank you.

Ms. Pam Frache: That is especially if the federal government steps up with its portion of the funding.

The Chair: Next is Ms. Ashton, please, for two and half minutes.

Ms. Niki Ashton: That's great. Thank you.

I want to go back to Ms. Frache from the Workers' Action Centre.

I wonder if you can touch on the urgency that's needed here. What have you been hearing from precarious workers? I know you referenced Amazon workers. During this pandemic, how critical is it for EI to be reformed, and what kind of situation are they facing more broadly?

Could you perhaps touch on what the implications on all of us are when an entire class of workers, particularly precarious workers, is falling through the cracks?

Ms. Pam Frache: Yes, it's absolutely devastating to those workers, and it's devastating to the economy.

When we talk about 30% of unemployed people in an urban centre receiving EI, 70% of unemployed workers are not getting it. That isn't just bad for workers. That is also terrible for the economy. We have to ask ourselves: What is the cost of not doing it?

Our economy would not have survived if there weren't urgent measures to reduce the hours to 120 so that people could get access to the supports they needed, so yes, it is absolutely urgent.

I wanted to talk more about temp agencies. For temp agency workers, it is absolutely ballooning in terms of workers in short-term jobs moving from workplace to workplace. What we're seeing, as we saw in long-term care, is the deliberate creation of part-time jobs, which makes it more difficult for workers to access EI. People have to string together jobs with all the additional paperwork associated with that. All of those things are terrible for the economy.

We need an EI program that is modern, that reflects those challenges and that protects workers and the businesses that those workers support. It's very important to never forget that EI isn't just another social program. It is a fundamental economic stabilizer that every employer depends on as well as workers.

• (1635)

Ms. Niki Ashton: Thank you for that.

I know a few of us have been commenting on how so much of what you're talking about that needs to be done has been fought for for years. The question of urgency is so important, the question of political will.

I'm wondering perhaps if you could touch on what you're hearing from workers in areas.... You mentioned migrant workers and

workers in warehouses. What is the reality that they're facing right now?

The Chair: Answer very quickly, please. We're past time.

Ms. Pam Frache: Yes, very quickly I'll say that people are being forced into very unsafe working conditions. Those are people who still have their jobs. People without jobs are having difficulty getting the income supports they need.

I wanted to touch on how many workers come through the centre who have been fired for no legitimate reason and are, therefore, not able to get access to EI. Punitive things are taking place where people are marked down as fired and so forth. They don't get their record of employment, and they are denied their access to EI.

All of these things could be made so much easier if we reduced the hours of requirement, if we extended the duration, if we got rid of the punitive rules like quits and fires, and if we had a minimum amount of EI supports. Sixty per cent to 70% of [*Technical difficulty—Editor*] say that the 55% income replacement is the lowest replacement rate in the 80-year history of employment insurance. I will also mention that the premium rates are quite modest right now. They've been higher at different times. In the 1980s, they were much higher.

The truth is that it's not out of control. We can do this. We can do this collectively. We can protect workers. We can protect the economy, and we can do it responsibly. We can especially do it if the federal government gets back into the business of funding EI so that it's there when all of us need it.

The Chair: We have Ms. Dancho, please, for five minutes.

Ms. Raquel Dancho: Thank you, Mr. Chair.

Ms. Nord, I have a few more questions for you.

You mentioned in your opening remarks that not everything should be included in EI reform. We know that EI has many pieces. It has a skills development piece. It has maternity-paternity leave, sick leave and caregiver benefits now. All these are critical programs.

I just want to know what you really meant. What did you mean by that? What do you feel the EI program should look like with reform? How do you manage all of these moving pieces?

Ms. Leah Nord: That's to the point that it is complex. You have part I and part II. Part II, again, is a whole kettle of wax with funding that goes through. We would argue again for simplification, and an additional principle we would have is transparency around where that funding goes, how its spent and who gets to decide what.

On part I, different organizations and different people around this table have different opinions, whether they are education and training or special benefits. They're not sickness benefits. That's not to say that sickness benefits aren't important, but at what point and how much do we do it so we don't strain the system?

Special benefits as well.... I've heard discussions here of sort of an account that you can draw down on, which is also interesting as well, but different people have to draw down for different things, including for example, maternity leave. There's a gender aspect to that. There's also, you know, how much you pay into it. In an insurance scheme, the point is to help you through temporary periods of unemployment. I think we really have to get back to that core mandate. That's not to say that other things aren't important, but this is it.

Let's look at the future of work. Let's look at what's needed and then start mapping out what's needed where and how. Yes, there is an urgency, but this has to be done properly as well or it will break. The system rates were higher in the 1980s, but what would they look like if there weren't a freeze? We don't even know that.

Ms. Raquel Dancho: My understanding is that there were significant cuts to EI in the 1990s, and those cuts were a result of the debt crisis that was, in part, generated by many years of deficits at the federal level in the seventies.

I have concerns, employers have concerns, and I know you have concerns about the debt we're taking on today. Are we going to be facing a debt crisis in a few years, in five years or in 10 or 20 years whereby we're going to have to make significant cuts to critical social programs that, as has been outlined this year, Canadians are relying on?

You represent 200,000 Canadian businesses. Are there any concerns regarding future cuts to EI and what that may mean, maybe the burden they may bear as a result? You said in your opening remarks, in particular, that there should be no permanent changes at this time, because we're not quite sure how we're going to pay for it yet, given the fluctuations we've seen in the last year. Could you comment on that generally?

• (1640)

Ms. Leah Nord: Absolutely.

First, to answer the question, we can look back. We are in a current crisis, but again, we need to look forward. We need to look at what the future of work looks like, and then respond to it, as well. You've heard any number of examples here: lessen the hours, raise the floor, put in more income supports. We need to map that all out and see what it looks like.

You saw from CFIB most recently—their data is a little more recent than ours—how the business community is really split. My members would argue that we don't have a position on whether

government should come in as third party tripartite funding. We can't make an informed decision on that because we don't have the costing. We don't know what this looks like.

This is the opportunity. We have been talking. We know what's needed, but this is the comprehensive review, rather than these little pieces of patchwork that keep layering the burdens onto the system until it breaks. It needs to be sustainable.

Ms. Raquel Dancho: Thank you.

Sustainability is so key. We know that if the federal government does come in as a third funder.... We know that, ultimately, government doesn't create its own money. It's from the taxpayer, as well, and from business taxes and the like, so it's just another way that people and businesses contribute to EI, through the federal government. It's not necessarily solving the issue of the cost to workers and employers, in that regard.

I believe that's all my time. Thank you, Ms. Nord. I appreciate your comments.

The Chair: Thank you, Ms. Dancho.

We'll go to Mr. Vaughan, please, for five minutes.

Mr. Adam Vaughan (Spadina—Fort York, Lib.): Thanks very much.

I really liked the three parties talking to each other. It was actually informative to hear you bounce ideas back and forth. In particular, you talked about a tripartite with government, but it's the evolving workplace, it's the traditional workplaces and it's the businesses that are caught in between those two moving dynamics that are what we're trying to wrestle to the ground here.

I have a quick question, though, for Ms. Nord.

We have had a parade of boutique applications of EI: paternity, maternity, sickness pay, seasonal workers, temporary foreign workers, bereavement and training. For every issue of income support that needs a solution, EI seems to be the answer. Can we accommodate all of these, one by one, without breaking the system?

Ms. Leah Nord: That's the million-dollar question: How much pressure can be put on this system?

I can say that education and training are important. I can say that we have to look at zoning. Someone could say it's reducing hours or raising the ceiling, but you can't look at them singularly. I would agree. You have to look at the totality of where—

Mr. Adam Vaughan: One of them will be, literally, the straw that breaks the camel's back, even though they're all compelling.

Ms. Leah Nord: Yes, exactly. That's it.

It is very difficult.... When you talk about sickness benefits, it's not to say they're not important, but how much are they...? Let's have a data-driven discussion on what is needed, where it sits.

Mr. Adam Vaughan: Fair enough.

Madam Frache, the issue of mandatory EI contributions has come up, in particular, around contract, gig, temporary, you name it. There are 100 different ways to describe precarious work, some by choice, some by force. Would you support mandatory EI contributions?

Ms. Pam Frache: I think the bigger problem here is the misclassification of workers who are constituted as independent contractors, who should be constituted as workers. That should end.

There should be a provision whereby those bona fide individual self-employed people have an option to opt in to the EI program. I do think that—

Mr. Adam Vaughan: But optional.... I'm hearing the word “option”. It's not mandatory but an option.

Fix the classification, but if you're a freelance journalist, for example, who chooses to submit articles here, there and everywhere, you should have the option of signing in, as opposed to somebody who is a freelancer for one particular company endlessly.

Ms. Pam Frache: Yes, I think there's a way of doing it that would accommodate those people. I think there is a model in Quebec around the child care program that we could draw from.

Mr. Adam Vaughan: Okay.

The other issue we are hearing more and more about, from all different corners of the House of Commons, is basic income. Whether it's universal, guaranteed.... There are as many versions of basic income as there are democratic reforms sometimes—maybe more.

Almost everybody pays for the concept by amalgamating all income support into one pool, because it's an extraordinarily expensive proposition the more that it's universalized.

With regard to basic income versus EI, is one better than the other in your perspective? In other words, if we're going to support income support, should we move away from EI and just go to basic income, or do we need to sustain EI as a plug-and-play management of the ups and downs and the fluctuations in the workplace?

• (1645)

Ms. Pam Frache: I think that we need to maintain EI, because it has served its purpose historically. Because it's funded by employers and by workers, and hopefully, in addition, the federal government, I think it represents additional revenue streams.

I am skeptical about basic income in terms of its ability to ensure that workers have everything they need. We don't want to inadvertently create an incentive for employers to adopt subpoverty-level business models and create precarious employment, because we have a publicly funded revenue stream that's going to top that up.

My concern is maintaining EI. I think it has a proven record. We just have to look back even a couple of decades to see how effective

EI can be in terms of addressing workers' needs. The recommendations we're making are very important to that goal.

Mr. Adam Vaughan: Mr. Strickland, the issue of training comes up a lot with EI.

There is the clumsiness of the old system, largely because of the clumsiness of the old computer system, which is older—and I think I'm the oldest member here today—even than me. I thought it was “cobalt” not COBOL; that's how old it is. I didn't even know the program language that uses the computer dynamic.

However, the issue is this: Do we modernize and make EI more nimble so it can go day by day as opposed to week by week? Do we invest in upgrading the IT system to make it more nimble, or do we split training into a separate category and leave EI for unemployment, effectively, as opposed to the in and out of training and the skills upgrades that we are so invested in? What's your perspective?

Mr. Sean Strickland: Those are great questions.

I can't answer the question with respect to system designs and computers and so on.

I did say earlier that I think training should be separated from employment insurance. We should be able to provide the right kind of focus on the income support program, which employment insurance is, and put a singular focus on training. You talk a lot on this committee...and part of your mandate is about the future of work and whether the EI system is responsive to the new and modern economy. If we're really serious about that, we need to give training the attention and resources that it needs.

With regard to the training system we have right now, I saw some stats. I don't have them at my fingertips—just look at the number of workers who are eligible for training and how many of those workers access that training. You see a huge gap. Part of it is the ability to navigate the system.

That kind of comes full circle to your question. I think maybe the system does need to be updated. It needs to be more nimble. Moreover, I think training needs to be separated from the employment insurance system to have its due attention, and a separate ministry, in my view.

The Chair: Thank you, Mr. Vaughan. Thank you, Mr. Strickland.

Thank you to all of the witnesses. This was a very comprehensive and fascinating panel, and an excellent one for us to wrap up our input from experts across the country.

I want to thank you so much for being with us. Thank you for the articulate and comprehensive way that you presented information and handled all of the questions.

We're going to move now to drafting instructions. You are welcome to stay but absolutely free to leave.

Thanks again. It will be extremely valuable to us.

Ms. Leah Nord: Thank you very much.

Mr. Sean Strickland: Thank you.

The Chair: Colleagues, normally we would do drafting instructions in camera. I want to remind you that we are not in camera, and we will proceed in that fashion unless there is a motion to proceed otherwise.

We have been provided with a draft report outline from the Library of Parliament.

At the risk of putting our analysts on the spot, I think it would be appropriate to first ask Eleni or Mayra if they would like to offer any comments on the document they've put together for us. Then we'll open up the floor to members to offer advice and drafting instructions.

To our analysts, is there anything you want to say before we start the speakers list?

• (1650)

Ms. Eleni Kachulis (Committee Researcher): Sure, Mr. Chair. Thank you.

As requested by the committee, we have prepared a high-level outline including some themes that may have arisen from the evidence. In addition to an overarching review of employment insurance, we also have some more specific themes included. We would be looking for input from the committee on themes that may have stood out to them, as well as any gaps in the themes we've identified and any recommendations that members have on the structure of the report.

The Chair: Colleagues, the floor is open.

We're going to begin with Ms. Dancho and then Ms. Chabot.

Ms. Dancho, you have the floor.

Ms. Raquel Dancho: Thank you, Mr. Chair.

Thank you to the analysts for your hard work on this. I think it's an excellent first draft, and it seems to encompass a lot of what we talked about.

One thing that did stand out to me was part H, employment insurance financing. I was surprised to see that at the very bottom of the report. I think this is a very critical report, as we've seen the impact on Canadians and the need to improve the EI system. I believe that the financing of EI shouldn't be sort of buried at the bottom; it should be somewhere in the beginning of the report to ensure that there is a full costing for various initiatives. I know that our NDP colleague, Ms. Gazan, is very keen on UBI. There could be costing on that as well. I think that sort of costing brings a significant amount of legitimacy to the EI program, the reforms that we're talking about and a number of initiatives that were proposed both by MPs and by the witnesses we talked to.

It's important for the legitimacy of the report that we don't shy away from the cost or the benefit of it, and that we have that front

and centre. There should also be involved in that the premiums for employees and employers included as well. I'd love to see some charts. I know that there's been great work done by the PBO and others that we could perhaps pull from, but I feel strongly that we should be seeing a robust financing section earlier on in the report. That's one of my opening suggestions, Mr. Chair.

The Chair: Thank you.

Madam Chabot.

[*Translation*]

Ms. Louise Chabot: Thank you, Mr. Chair.

I would like to thank our analysts once again. In fact, I will take this opportunity to thank them for sending us another report, received yesterday and which will inform our study. I appreciate that.

Overall, I agree with Ms. Dancho that we could change the order once we have discussed the context of the administration of the plan, including its funding which is already quite detailed. Actually, the recent budget even has forecasts on this issue. I think we all know the basic rule of funding, which is a seven-year balance and the premiums, but I would agree that it can be changed in any order. Then we'll see how the final report flows best.

I know this has been addressed, but I am wondering about the last section, "Reforms outside the employment insurance program". I am not saying that reforms outside of our study are not useful, but our study is specifically about the EI program, its issues and its modernization. I don't see any reason to include child care and pharmacare at all. I don't think it's relevant to include it in the report because I don't see the connection between pharmacare and EI.

The Chair: Thank you, Ms. Chabot.

[*English*]

Ms. Ashton, please.

Ms. Niki Ashton: Thank you.

There are a couple of suggestions that I want to pass on on behalf of my colleague Leah Gazan. One is to ensure the inclusion of perspectives on the guaranteed, livable basic income and how it could work in partnership with EI. The other is to ensure the inclusion of perspectives on the expansion of EI sickness benefits. Obviously, we know that was something that was somewhat addressed in the budget, but many, as we even heard today, are calling for Canada to go further.

Some key points that were also raised today were the particular perspectives of precarious workers. That could even be in the context of this crisis, where we saw precarious workers in long-term care and in other heavily impacted workplaces...and what it means to expand EI to make sure that it's available to them. Then there are the migrant workers, as well, who, as we heard again today, pay in to EI but aren't able to access it.

• (1655)

The Chair: Thank you, Ms. Ashton.

Ms. Dancho.

Ms. Raquel Dancho: If the analysts want to jump in on the first round, I have a few things to discuss, as I'm sure some of us do. It would be good to hear from the analysts on some of that first.

I don't know if we lost one of them—the lovely Eleni. I see we have another lovely lady.

Ms. Mayra Perez-Leclerc (Committee Researcher): She's still around. Her screen is frozen currently.

With regard to financing, the only reason it is there is that it is the same approach we followed with the previous EI report. There is no other meaning attributed to it. We can certainly move it up, if that's what the committee wishes for us to do. That's not a problem at all.

Section I, the reforms outside the EI program, is just to reflect witness testimony. Again, if the committee wants it out, it can be removed. We're happy to proceed in whatever manner you suggest.

The Chair: Thank you.

It's back to you, Ms. Dancho.

Ms. Raquel Dancho: Thank you for your remarks there.

I did want to support my Bloc colleague in saying that although I think the sections in I are critical—and perhaps we could study them in this committee—they don't really necessarily add or take away but just seem a bit out of place. I do agree with Ms. Chabot in that regard.

One thing I also thought could be included was a mention of CERB. It's not so much CERB on its own, but the necessity of CERB, where EI failed, why CERB was needed, where there were shortcomings in that EI-CERB stream and then how that was met by CERB.

I think we would be remiss if we created an EI report in the year of the pandemic when the Liberal government created this entire new CERB program to meet the shortcomings of the EI system.... It just seems odd not to mention CERB in there at all, given how connected they were and are. I would suggest we have a section about that in here.

The Chair: Thank you, Ms. Dancho.

Mr. Vaughan, please.

Mr. Adam Vaughan: I think MP Dancho is correct in foregrounding how we pay for this. It's very easy to point a finger at any one of the three seats at the table, but it all has implications and I think that's critical.

I also think it's just as critical in that process to identify a number of witnesses who talked about constantly layering on these tiny solutions to precarious income, whether it's structured because of life circumstances or whether it's industrial circumstances or what have you. Every time we try to fix a little problem with EI, we create a bigger problem downstream because, as I think the last person agreed, one of them will be the straw that breaks the camel's back.

I think we need to take responsibility for that as MPs. All parties come forward with what they think are small improvements, but when you take them in totality we're building a real challenge. I don't think any of us disagree with the compelling arguments. We all support them and they usually get passed unanimously, but there is an impact and it limits our ability to deal with some of the bigger issues, which we clearly see on the horizon, especially around the gig economy.

The second thing is that I'm going to slightly disagree with this notion of sidelining or excluding things like CERB, things like basic income, things that are the big picture items that people often veer toward when they think they can solve the EI crisis by simplifying EI and dealing with all the complexities with another program. I think we need to understand that the reason people are landing at 17 different versions of basic income, or this notion that CERB taught us everything we need to know and just take the learnings of CERB forward, is that we still have structural issues like seasonal work. Basic income may be the answer to the season work challenge, because it may be the thing that locks people into income and, therefore, provides some answers.

I think the alternative models of solving some of these channels have been raised by many of the witnesses, and I think we need to include them. However, I would include them as an appendix, rather than a set of key recommendations, just because I think they move us away from fixing EI, which is the fundamental reason we're having this study and the reason Madam Chabot brought this forward. It's about fixing EI and making EI do what it was originally intended to do as opposed to make it do everything else under the sun.

The last thing I would say around the drafting instructions, which I think also is derived from some of the testimony we heard, is the computer system. I don't know how we fix any of these issues without understanding the complexity, the cost and the urgency of addressing the IT challenges. We can't do day-by-day supports around training. We can't do the seasonal work, in and out quickly, as people job-share. We can't pivot when we have issues of a day lost here, a month lost here and a week lost there, if we don't have a computer system that responds in real time.

Collectively as parliamentarians over a number of generations, we have all refused to make the switch from COBOL to a modern system, and I think we're now gun-shy with Phoenix. It taught us that you can't just simply buy a new system off the shelf, plug in a new computer and things will work fine. IT doesn't work that way; it never has.

I think we need to really understand that nothing is possible without IT being addressed. With IT addressed, it gives us perhaps the flexibility and the nimbleness that we need to deal with an ever-changing employment and employer landscape and, let's face it, maybe now pandemic landscapes because this isn't the last pandemic, nor is a major climate change event not going to create the same situation with forest fires and floods. We really have to lean into that IT situation and we have to be brave and not shy away from it.

• (1700)

The Chair: Thank you, Mr. Vaughan.

Ms. Ashton...?

Then we'll have Madame Chabot.

[*Translation*]

Ms. Louise Chabot: Thank you very much.

Ms. Dancho, all the measures that had to be put in place urgently when 9 million workers were unemployed are related to the CERB, the measures to make EI more flexible and the three new measures. All of the temporary measures related to the COVID-19 pandemic are part of the context, and I think that's where this can be placed. It paints a picture of how we had to adjust. That can be used to demonstrate our good governance.

One thing I would also like to mention to the analysts is the issue of seasonal industry workers. It is also what we have called the EI black hole. Witnesses have talked about it, but we should address the issue in specific details. The seasonal industry and the EI black hole affect a number of regions in Canada. I don't know where we can add it, I leave that to your discretion.

I appreciated the recent report that we will address on Tuesday. I agree with Mr. Vaughan, it is a report based on testimony. Certainly, we did not hear from a lot of witnesses in our study, but we heard some and we received a lot of briefs.

We gave groups, organizations and individuals until April 9 to submit them. That also adds to the report. I agree that, as you have done so well, the report must illustrate solutions, problems and issues that have been raised by all the witnesses we have heard. I am confident in this regard.

I will conclude by saying that we should not burden the report with reforms outside the program, which, in any case, will not be considered in a reform of employment insurance. It is of societal interest, but not for this report.

• (1705)

The Chair: Ms. Chabot, you are right, we received 30 witnesses, and written submissions.

[*English*]

Ms. Ashton has her hand up, but I think that's because she didn't lower it last time.

It's last call, Ms. Ashton, if you wish to make an intervention. It's not really last call. It's next call, I guess.

Mr. Vaughan, go ahead please.

Mr. Adam Vaughan: I'm going to speak up on behalf of the experiences from Prince Edward Island that you brought up around the way in which we've broken up EI into a fragmented system that works differently in different jurisdictions, even though economies are changing in every jurisdiction. What we heard about the lack of consultation and the lack of understanding of local conditions was really troubling as it relates to P.E.I., where one side of the street gets EI and the other side of the street doesn't. It just doesn't make sense, especially in a community that is as fine-tuned and granular as it is in P.E.I.

In the context of the urban space, where 70% of workers don't get EI, period, no matter how much they pay into it, there is a rigidity to the way EI looks backwards to fix itself, instead of looking at real life circumstances now and looking forward to where we know the economy is going.

From my perspective, I think that the way in which the EI Commission makes those reforms has to become as nimble as the computer we want them to use, and it's not. Even though I knew we were at the point where we were about to appoint the new commissioner, life circumstances took over and we had to start again. There's nothing you can do about that when a candidate has to be removed just at the point of being selected. We had a tripartite conversation where you had a traditional employer, a traditional workforce representative and a traditional government response.

However, we just heard that there probably is a seat at the table for the new, emerging gig economy, which is way out in front of all of that. There's probably also a need for the difference between large businesses and small independent businesses, which use EI very differently. The large corporations use EI as a training mechanism. In the smaller communities, as we heard from many witnesses today, EI is a lifeline to keep small businesses alive when there are sudden and unexpected economic downturns.

I think we're locked into an historical evaluation process that doesn't work, and we haven't modernized the evaluation process so that reforms are made in real time as the funding is adjusted in real time. That lack of flexibility and nimbleness in the commission is how P.E.I. and, I would say, Toronto landed in the same space for very different reasons.

The commission needs changes. The consultation process and the diversity of consultation processes need to be made much more public, much more accountable and much more obvious to all parties involved around the table. Otherwise, we're going to repeat mistakes by using the same old evaluation system and governance system. I think that would address P.E.I. and the gig economy—freelancers and the contract work economy—which now has become so prevalent in large urban spaces.

The Chair: That was well said. Thank you

Ms. Dancho.

Ms. Raquel Dancho: Thank you, Mr. Chair.

I appreciated Madame Chabot's comment, when she said to emphasize the inclusion of the paper copy submissions. I think that's key.

Then I agreed wholeheartedly with Mr. Vaughan on the technology side. One of the notes I had was that there should be a section on that alone. I think it would be warranted, given that in every single meeting we've had, folks commented on this.

I'd really love to see the analysts dig into everything that we've heard on that. There should be some recommendations—or at least one, I would hope—about that specifically. It needs to be fixed. It would be great if there were some specifics, as mentioned by the witnesses. I think that may be the most important, in order to—

Mr. Adam Vaughan: Maybe it should just be “fix it”.

Ms. Raquel Dancho: Yes, something like that....

I agree with Mr. Vaughan there. I think it should have its own section, and particular detail should pay attention to that.

On the CERB, again, I agree with Madame Chabot. It sounds like, Mr. Vaughan, you agree as well that it should be included. I would say that it warrants more than just an appendix mention.

I think the undertaking of CERB and why it was needed are quite significant. In particular, we've seen an overlap between EI and the CRB, the second iteration of CERB. This very quick evolution over a year's time should be outlined, how it interacted with EI and how it made up for the shortcomings. Again, I feel that will inform a lot of what the EI recommendations would be, given lessons learned from CERB.

For the analysts, it was the OAG report that outlined a number of the good things about CERB and a couple of the shortcomings we saw. I think that's a really bountiful resource for writing the section about CERB and the process we've seen in the last 13 months. I would ask the analysts to take a look at that and include some of the information therein.

• (1710)

The Chair: Thank you.

Ms. Raquel Dancho: I have one more thing.

I'm sorry, Mr. Chair.

The Chair: Go ahead.

Ms. Raquel Dancho: I know the most recent budget included a number of announcements for EI as well. It would be pertinent, of

course, to include those. I know they happened as we were wrapping up this study.

I don't know what Madam Chabot thinks, but it might be nice to include the more recent announcements, and then include them in the costing as well, since that will influence any reform, given the new changes that were brought forward.

I don't know what the other committee members think, but there should be a mention and a little bit of analysis in the costs section, and wherever else the analysts feel they should fit that in. We would be remiss if we did not include the latest announcements in this report.

[*Translation*]

The Chair: Ms. Chabot, you have the floor.

Ms. Louise Chabot: Thank you.

There are all kinds of good ideas, but I have one big wish. There have been several reports since 2016. Still, things are being implemented. Some work has been done by the Employment Insurance Commission. There is no commissioner for employers, which is unfortunate because the process is not complete. But that does not prevent the commission from working, especially on the issue of regions. Mr. Vaughan said that, on Prince Edward Island, the division of regions is currently being studied. As far as I know, there should be some conclusions.

Emergency measures had to be put in place. Not counting the CERB and the three programs, there were still measures to make employment insurance more flexible. They are temporary measures, of course, but we had 420 hours, the number of weeks and the minimum unemployment rate. Some things have been tried before, and are still being tried. But it is true that they are temporary.

We were told that there was a problem with the computer systems, but at the same time there was some success because more flexible and less complex measures were put in place to sustain the program. Solutions are already being studied. Yes, the employment insurance program is cumbersome. I think the objective of the recommendations is to see what is already being done, in order to find out what can be done.

Right now, we are at the stage of preparing a report. We are not at the stage of proposing solutions, although I already have some. I think that the report should reflect what the experts have told us as much as possible.

The Chair: Thank you, Ms. Chabot.

[*English*]

Mr. Vaughan, did you have a further intervention or did you just not lower your hand? Okay, your hand has been lowered.

That exhausts the speakers list, so I'm going to go back to the analysts to see if there are any questions arising from that direction. That was of course a bit disparate, as is often the case with drafting instructions, but I want to see whether that helps as you embark on your work or if you require any clarification before we seek a motion to adjourn.

• (1715)

Ms. Eleni Kachulis: Yes, it was very helpful.

Thank you, Mr. Chair.

Ms. Mayra Perez-Leclerc: It was very helpful. Thank you very much.

The Chair: Excellent. Our agenda is complete.

Do we have consensus to adjourn? I see consensus. We'll see you all on Tuesday. Thank you.

The meeting is adjourned.

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