

Unemployment Insurance

The change in the minimum insurable earnings is meant to make the program more equitable in relation to part-time workers. The present structure excludes from insurable employment those who work 20 or more hours a week at less than the provincial minimum wage, such as domestics, but it includes those who earn high hourly wages in only a few hours a week.

A section of the bill provides the necessary regulatory authority to ensure that a minimum of 20 hours of work in a week will be needed for any employment to be insurable, no matter what the wage rate.

The other changes proposed in the bill, namely the reduction in the weekly UI benefit rate from 66⅔ per cent of average insurable earnings to 60 per cent, and the transfer of the labour force extended benefits from the government alone to tripartite financing, would not, of course, exclude anyone from benefits.

I should emphasize here that when all these amendments are fully implemented and despite the correction of the anomaly which will now see government, management and labour sharing the cost of the labour force extended phase, there will be savings to employers and employees and therefore it will not be necessary to increase premiums.

The government also proposes to provide for a repayment of UI benefits by higher-income UI claimants. Higher-income claimants are defined in the Act as those with net incomes of over 1.5 times the yearly maximum insurable earnings, an amount estimated to be \$20,500 in 1979. Claimants with incomes over this level would be required to repay a portion of the UI benefits received in that year at a recovery rate of 30 per cent. Any repayment, of course, would not be included in taxable income.

Representations from many sources resulted in a further amendment which will increase the minimum fines for employers who deliberately give false information on insurable earnings or insurable employment or reasons for separation from employment generally on the record of employment. The present minimum fine is \$25. The government proposes to increase the deterrent effect by raising it to \$200.

All the changes to the UI program I have proposed will result in a net program cost reduction of \$935 million in fiscal year 1980-81, when fully implemented and matured.

Mr. Speaker, there has been a great deal of concern expressed about those who will be prevented from establishing UI claims. I share those concerns, but I may point out that for new entrants to the labour market it is far preferable in my view, both socially and economically, that they be given meaningful work experience rather than just income maintenance. It is also preferable that those who are marginally attached to the labour force, either by choice or circumstance, be helped to become more substantially employed and, hopefully, not to make unemployment insurance a way of life.

I mentioned earlier in my comments that the employment strategy for 1979-80 will have an impact of some \$710 million, and that a further \$300 million of funds are available for

[Mr. Cullen.]

economic development activities. This means over \$1 billion will be available next year to provide jobs for Canadians.

We are examining ways of deploying these funds to alleviate the effects of the expenditure reductions in the UI program as much as possible. For example, the previous formula for distributing Canada Works funds is being revised, and we are discussing with provinces ways to tailor the mix of employment strategy programs to best meet the needs of each province.

I recently met with my provincial counterparts and I am pleased to say that some provinces responded positively to my suggestion that funding be shifted more towards high unemployment areas.

I have also reviewed with provinces the potential impact of the UI changes on welfare costs. I advised them that, even if there were no employment strategy, our estimate is that additional welfare costs in 1979-80 would not exceed \$51 million, of which 50 per cent is paid by the federal government. In other words, we are talking of costs to the provinces of \$25.5 million in 1979-80 and \$43.3 million in 1980-81. While all provinces have not fully accepted these estimates, they have not refuted them. Nor have they put forward any alternative changes which will be as feasible, equitable and cost-effective as those I am proposing today, in this bill.

It is virtually impossible to make changes to a program like Unemployment Insurance, without affecting people. What I have tried to do is wield a scalpel instead of an axe, eliminating anomalies and excesses while strengthening the basic purpose of UI. Nevertheless, I realize that people are involved and we must and shall do our best to help them.

One particular group which feels it is a target for government expenditure reductions is women, and I would like to devote some time to try to allay their concerns.

Women should be entitled to the same opportunities and benefits as their male co-workers in the labour force.

Some of the UI changes may well affect women but they also affect men, and in terms of absolute numbers, more men than women will be affected. However, to the extent that the work patterns of women tend to be somewhat different from those of men, they may be more affected by the new entrant and re-entrant provision. Similarly, because a larger percentage of women tend to be employed in part-time work, they will be more affected by the minimum insurability provision than men. But we will compensate for the effects of these changes by increased and continued efforts to improve the status of women in the labour force.

I would like to clarify our aims with respect to women on employment training. It has been charged that recent changes in training allowance rates are an attempt to discourage women from taking training. This reveals a misunderstanding of the purpose of the allowance, which is not to provide a training incentive. Rather, it is intended to remove financial barriers to training. What we are saying now is that any person, male or female, living with a fully-employed parent or spouse should continue as a dependent during training. The basic allowance provided to such people is only intended to