

GOVERNMENT ORDERS

[English]

UNEMPLOYMENT INSURANCE ACT

MEASURE TO AMEND

Hon. Bud Cullen (Minister of Employment and Immigration) moved that Bill C-14, to amend the Unemployment Insurance Act, 1971, be read the second time and referred to the Standing Committee on Labour, Manpower and Immigration.

He said: Mr. Speaker, I am getting off to a good start with this bill; I have had three notes tonight about immigration cases, and I am talking unemployment insurance! It is evident that this is a somewhat versatile ministry; not only do the questions come from the other side, but from this side as well.

The government has decided, as one of the major features of its revision of priorities, to recommend changes to the unemployment insurance program, coupled with a significant redirection of its employment strategy. The essence of the changes we propose to the unemployment insurance program is two-fold. First, we want to reduce some of the disincentives to work which are present in the program. Second, we want to encourage workers to establish more stable work patterns and develop longer attachments to the active work force, thereby reducing their dependency on unemployment insurance.

The proposed changes to the unemployment insurance program should, therefore, be considered both as program improvements in themselves, which will reduce the negative aspects of the program, and as cost savings to be applied to other more productive programs. The cutbacks are necessary and will result in a better, more balanced program than ever before. The new emphasis will be on encouraging all Canadian workers to look for, accept and remain at work.

I want to emphasize again, as I did in my announcement on September 1, that the government has moved on several fronts to provide more work for people who would otherwise be on unemployment insurance. The employment strategy in 1979-80 will have an impact of some \$710 million, creating an estimated 113,000 work-years of employment and training for some 360,000 people. A further \$300 million of funds for economic development activities have been announced.

Our new target for jobs and training in 1979-80 represents a 70 per cent jump over what we have accomplished and are accomplishing in the current year. By any standard that is a very significant increase.

On the job creation front, we could not be content solely with the strategy as outlined for 1979-80, substantial as it is, so we announced an immediate start-up of a job experience training program involving some \$45 million, which should mean that some 58,500 young Canadians already should be employed in meaningful work by this winter. Also we have made changes to the employment tax credit program to make it more acceptable to the business community.

Unemployment Insurance

The growing costs of the unemployment insurance program, which were just over \$4 billion in the latest fiscal year, could not be ignored. Nor could we ignore the employment disincentive effects which were adding to other problems in the labour market.

On September 1, I outlined the thrust of the government's proposed changes. As I said at that time, we are determined that the program be realigned to meet today's economic and social needs, and in particular, to contribute in a positive way to strengthening the labour market. The bill provides for six major amendments which would require some claimants to work longer before qualifying for unemployment insurance benefits; change the minimum insurability under the program; reduce the current rate of benefits; require high income recipients to repay a portion of unemployment insurance benefits received; and provide a new financing formula for the labour force extended phase.

● (2012)

In our original proposal applying to repeaters, it had been contemplated that if an individual drew down 26 weeks of benefits, he or she would have to work that same number of weeks in order to establish a new claim. However, thanks to the solid representations of caucus colleagues, particularly those in the Atlantic region, we made two significant changes to the definition of repeaters so that it would create less hardship in those regions of Canada with high unemployment where jobs are harder to find.

Under these changes, repeaters would need to work up to six additional weeks of insurable employment over and above the usual variable entrance requirement of from 10 to 14 weeks. By way of example, if an individual in Alberta drew down 16 weeks of benefits, that individual would have to work the required 14 weeks in any event, plus two additional weeks to establish a new claim. Similarly, if an individual, again in Alberta, drew down benefits of 26 weeks, then that claimant would only have to secure the 14 weeks plus six weeks. The ceiling, therefore, in areas of low unemployment is 20 weeks and in areas of comparatively high unemployment is 16 weeks.

Not satisfied that this was going far enough, the government is now proposing that the repeaters provision would not apply in any region where the applicable regional unemployment rate used for the program is over 11.5 per cent. For example, this means that in Newfoundland and its three UI economic regions, the repeater section would not apply, should the unemployment rate remain over 11.5 per cent.

Turning to another important provision, "new entrants" and "re-entrants" are those claimants who either enter the labour force for the first time or who re-enter it after a period of absence.

In simple terms, new entrants and re-entrants are people who do not have 14 weeks of insurable employment in the year preceding their qualifying periods. New entrants and re-entrants would be required to have at least 20 weeks of insurable employment in a qualifying period to gain eligibility for UI benefits.