

The reader is directed to the Compendium for recommendations on the treatment of vacation pay, severance pay and other lump-sum payments, as well as recommendations on the treatment of earnings on claim, eligibility of claimants involved in labour disputes, penalties for voluntary quits, and requirements that claimants remain available for work and actively search for new employment.

Pensions

Because the treatment of pensions was the subject of so much concern in presentations to the Commission, this issue will be discussed in greater detail. The development of recommendations regarding the treatment of pension income under Unemployment Insurance was influenced by the fact that the whole question of retirement and retirement policy is changing rapidly. The Canadian Charter of Rights and Freedoms prohibits discrimination on the basis of age; age 65, for example, may no longer be a basis for mandatory retirement. Actuarial adjustments in benefits for those who wish to retire early or late are already taking place in both the public and private sectors. As a result, receipt of a pension is less likely to be synonymous with retirement from the labour force. In this regard, military and police pension plans may be harbingers of things to come.

In examining the treatment of pension income the following considerations should be noted:

- Unemployment Insurance is not a retirement program. Its major function is to protect workers from interruptions in earnings. Therefore, benefits should go exclusively to members of the labour force. Persons who have gone into retirement are no longer in the labour force and should not be covered.
- Receipt of pension income does not necessarily mean that an individual has left the labour force. Consequently, pension income should not automatically disqualify a worker from Unemployment Insurance benefits.
- Changes to the Quebec Pension Plan and similar changes to the Canada Pension Plan and private pension plans may make it increasingly common for workers to have pension income while they remain in the labour force.
- This increased flexibility means that individuals who choose to retire before age 65 will be able to take an actuarially reduced pension. If, however, they could draw Unemployment Insurance benefits for one year instead of going on pension immediately, they could receive a slightly higher pension for the rest of their

"To create more jobs we must look at reducing the retirement age to, say, 55, and transfer some of the cost of the UI program to the Canada Pension Plan and other pension programs so that there are no penalties to the individual for this early retirement." (Corner Brook Chamber of Commerce, written brief)

"We find this totally discriminatory. A pensioner is one who either collectively or personally contributed his own funds for his advantage in his later years. It's like money in the bank. To have this used against him is not only insulting, but it is also plainly and simply unfair. The last thing we need at this time with high unemployment is the postponement of thousands of potential retirees." (Sudbury Mine, Mill and Smelter Workers Union, Local 598, Sudbury hearings).

lives. Therefore, it would pay them to use Unemployment Insurance benefits as the first year's retirement income. This could cost the Unemployment Insurance program as much as \$1 billion a year.

- Unlike other benefits such as vacation pay and severance pay, which are also paid on termination of employment, pensions continue to be paid and may be considered as deferred earnings.

In the current program, both premiums and benefits cease with the payment of the three-week retirement benefit at age 65. Since January 5, 1986, pension income has been treated as earnings. Consequently, many individuals – notably military and police officers who are required to retire from their first career with a pension at a relatively early age – have had to continue paying premiums during their second career even though Unemployment Insurance benefits may be small or non-existent during a subsequent period of unemployment because of the treatment of their pension income. Since age may soon not be a criterion for retirement and pension plans are becoming more flexible, it is likely that more people will be in this position in the future. This conflict, therefore, has to be resolved by developing a way for the Unemployment Insurance program to deal equitably with pension income.

The proposed solution treats pension income in two different ways. The first treatment of pension income applies if the pensioner is unemployed when he or she takes the pension. If a person who served in the military became unemployed immediately upon leaving the Armed Forces, Unemployment Insurance would treat the pension as earned income just as in the current approach. The second treatment applies if the pensioner becomes unemployed from a subsequent job. Premiums in that job would be based on insurable earnings less pension income, and Unemployment Insurance benefits would also be based on this difference. Consequently, in subsequent unemployment periods, insurable earnings would be the difference between pension income and the lesser of the new earnings or maximum insurable earnings. It is proposed that these changes become effective in 1989.

Currently, Old Age Security pensions are unconditionally payable at age 65, irrespective of labour force status. The question of the age limits under both Unemployment Insurance and Old Age Security must be considered simultaneously, since they are both elements of the social security system and should be coordinated. Accordingly, the age limit of 65 should be removed as a barrier to Unemployment Insurance eligibility, concurrently with changes in the age limit established in the Old Age Security program.

The Self-Employed: A Special Case

More and more Canadians are creating their own jobs; 10 percent of the labour force now work for themselves. Since 1976, the number of self-employed persons has risen by 27 percent compared to a 19 percent increase in overall employment. The self-employed now number approximately 1.2 million. They too are vulnerable to the loss of their livelihood. They find it difficult to understand why they should be denied Unemployment Insurance and made impassioned arguments for a new, broader program that would extend coverage to them.

Yet the degree of moral hazard presented by the self-employed is incompatible with Unemployment Insurance. Moral hazard is the risk that an individual can create the conditions which permit collection of benefits. All insurance schemes face this risk. Because an Unemployment Insurance program must minimize moral hazard, the needs of the self-employed must continue to be met by means other than Unemployment Insurance. The proposed earnings supplementation program discussed earlier may be more appropriate to the needs of some of the groups of the self-employed who presented briefs to this Commission.

"The self-employed cannot be covered if insurance principles apply, as such an individual has almost complete control over his unemployment." (Canadian Institute of Actuaries, Toronto hearings)

The Views of a Trucker

Excerpt from a letter to the Commission of Inquiry from Lee Silliker, president, Northumberland County Truckers' Association

"The trucker should have the same equal rights as any other persons in the working industry today. He has an employer-employee relationship. He must be hired on any job to work and he must follow the orders given to him by his superior and is subject to dismissal at any time.

"As an independent trucker in the province of New Brunswick, I most certainly

know that 30 percent of my gross pay must go towards my livelihood as wages. I urge you to press towards making certain changes in the UI Act to ensure that at least 30 percent of the trucker's gross be used as a base figure for wages and UI, CPP, and Income Tax deductions. This will ensure that all concerned will have a fair and equal share. It will also provide for the trucker and his family in times of need.

"A person involved in the trucking industry has to equip himself with a piece of machinery that can cost up towards \$100,000 to try and provide for his family.

This person has to endure great hardships at certain times, he has to find work, pay excess taxes and abide by all the different laws of the land. His most important function is to find himself a job to work for someone else. At certain times during the year the trucker finds himself without any income.

"If the individual had become a fisherman, farmer or woodworker, he would have been able to collect UI benefits. However, because he is a trucker he is unable to pursue this process."

"In discussing the impact of Unemployment Insurance, it is useful to make a few basic points about the long-run implications of UI for the fishing industry. The first is that the availability of UI for fishermen keeps a significant number of fishermen in the industry who would otherwise leave the industry in order to seek a higher standard of living elsewhere. This has the effect of reducing the returns from fishing for all fishermen and lowers the earned income of fishermen. The second is that the availability of relatively generous regional benefits for workers in the fish-processing industry helps to maintain a larger pool of workers for the industry. The third is that the combination of fishermen's UI and regional benefits tends to discourage out-migration from Atlantic Canada and thus serves to maintain earned income lower than the national average. The fourth is that these programs impede the internal restructuring of the economies of the Atlantic provinces, thereby hampering the improvement of their efficiency, productivity and, ultimately, living standards." (Fisheries Council of Canada, written brief)

"If you should recommend that fishermen or certain classes of fishermen be removed from the benefits of Unemployment Insurance, then you must make that recommendation on the condition that another program is put in place." (Government of New Brunswick, Fredericton hearings)

Fishermen and Unemployment Insurance

Self-employed fishermen were brought under the umbrella of Unemployment Insurance in 1956. The purpose was to provide income support to self-employed fishermen in the offshore fishing industry, particularly on the Atlantic, and to the many coastal communities that depend upon the fishery for their survival. Many factors may affect the level and stability of fishing income – among them, geographic and climatic conditions, the variety and value of available species, market conditions and fishing costs. In the case of some species there are just too many fishermen with too many vessels and too much fishing power chasing too few fish.

Self-employed fishermen are entitled to five weeks of benefits for every six weeks of insurable employment. A week of insurable employment is defined in terms of the net value of the week's catch – that is, the gross value of the catch less operating costs (generally 25 percent). If the net value of the catch in a week is less than the required minimum (\$99.00), that week does not count as an insurable week. A fisherman in the Atlantic region may fish for six months and, for reasons beyond his control, be unable to obtain the required 10 weeks of insurable earnings to qualify for Unemployment Insurance.

Problems with fishing benefits, as perceived by the different groups involved, stem from the nature of the program, its inherent administrative difficulties, its inadequacies in meeting the needs of fishermen, and the obstacles that it presents to processors who need a greater supply of fish during the latter part of the season.

Unemployment Insurance was extended to self-employed fishermen not as a form of social insurance but as a means of income supplementation. And yet the program has not met the needs of those it was specifically designed to serve – fishermen with low incomes and with the greatest need, and the communities in which they live. Unemployment Insurance is neither an appropriate nor an adequate vehicle for income supplementation and should be phased out as a means of solving the many problems that influence fishermen's incomes.

This Commission of Inquiry is not the first to reach that conclusion. Numerous studies and reviews have subjected fishing benefits to searching scrutiny and have recommended their gradual replacement by a more appropriate mode of support. It is recognized, however, that phasing out these benefits may inflict severe hardship unless an alternative program has been adopted and implemented. Fishing benefits should, therefore, be phased out over a five-year period, and the governments involved should adopt and implement a more adequate response to the needs of not only self-employed fishermen but all who are without adequate incomes. What is required is an effective fisheries policy, a genuine income supplementation program, and a long-term regional/community development strategy.

James Corcoran, Fisherman, St. Mary's, Newfoundland



Mr. Corcoran describes the uncertainty and danger of a fisherman's life and the need for alternative sources of income when fishermen are unable to earn their livelihood at sea.

I've worked in a factory from eight to four . . . You do your thing, keep everyone happy, and then that's it . . . Fishing's a bit different.

If you're trying to make a living fishing you spend as many hours as you can at sea, so waking up at one or two o'clock in the morning and getting back some time the following night or the next night is normal to me. On the open sea there are always hazards . . . There's ice . . . There's weather conditions that can change in hours . . . You can get winds up to 25, 30 knots and it's nearly impossible to fish.

The other day a wooden 55-foot boat went out but she didn't come back. Luckily, the guys were rescued by a dragger and then flown by helicopter to St. John's.

There are different kinds of fishing. There's deep sea, where they fish for about 12 months a year. There's mid-shore, where they fish about 6 or 7 months. And there's inshore, like me. In the late 1970s we got 10 months' fishing because weather conditions were good and there was no ice. But this year I stopped my cod lines after five weeks. The fish came for five weeks and then the water turned cold, whatever . . . I've got five weeks of cod-trap fishing, that's it.

Sometimes I wish I didn't have to depend on Unemployment Insurance. I'd like to work all year round. I'd be delighted if I could step off the

boat and go to work in some other occupation. I think the majority of fishermen would feel the same.

You could be packing anywhere from \$10,000 to \$20,000 worth of gear a year, and with the money we're making, well, you just can't put that out. So the majority of us depend on the people who buy our fish to supply the fuel and our gear . . . which we pay for out of the catch. And they depend on us to catch the fish . . . It might not be a normal relationship, but it certainly is an employee/employer relationship because one depends on the other.

If you work 10 weeks year after year, you have no problem with Unemployment Insurance, it's like clockwork. But to give you an example of what can happen . . . The person you sell your fish to issues your separation slip. Last year they forgot to put my Social Insurance Number on the slip. I waited very patiently, but by the last of November I hadn't heard anything. I was in St. John's, so I dropped into the office to see what the trouble was. I sat in the waiting room for an hour, cooling my heels, watching people drink coffee, walking back and forth. Eventually a lady comes. We went through the whole issue . . . how I qualified . . . 22 weeks insurable earnings . . . everything was fine. But for some reason my SIN was not on the slip. "Oh," I said, "that's no problem, I'll give it to you." "Oh no, sir, it has to come from your employer." "My God, that will take weeks. Go to last year's file." "Oh no, sir, we can't do that. If your SIN is not on the form, we can't process your claim." So I hit the roof, but it probably didn't do any good because my claim was delayed for another four or five weeks.

Still, as a fisherman I wouldn't want to be covered by a separate program. Most of our fish go to the U.S. market. Now the fishermen and the politicians in the U.S. said that Unemployment Insurance was a subsidy to fishermen and wanted countervail duties of something like 20 to 30

percent. But after they investigated, they reached the conclusion that it wasn't a subsidy because it was universal . . . So if some bureaucrat is going to come up with a different program, they are jeopardizing the whole fishery in Eastern Canada . . . not only the fishermen, but the workers in the fish plants and spin-off industries . . . in other words, every community, city and town in Eastern Canada.

Fishermen should be covered under Unemployment Insurance like everyone else. We should be treated the same as any other worker, but for some reason we're not. We don't draw Unemployment Insurance till the last of October and when the fifteenth of May comes – the place could be black with ice – you are automatically disqualified. It should be the same for us as for any other type of working class. It's supposed to be a democracy.

Unemployment Insurance is a great thing, but people shouldn't have to depend on it, and basically that's what it's coming to now. There must be better ways for the future, for our children. Right now, if we want something we've got to import it through some other province or state or country – cardboard boxes, mattresses . . . If I want to buy a tin of mussels I'd probably have to buy it from Denmark, and here we have them on the shore not even being used!

You know, I left Newfoundland in 1960. I worked and travelled all across Canada. During that time I didn't draw Unemployment Insurance . . . I was a jack-of-all-trades. I lived in Toronto for seven years. All my friends were from Eastern Canada. All left home because they couldn't find any work. Now, I don't see why anyone should have to leave Newfoundland, with all the resources we've got. I don't think I'd leave again. We might not have a big limousine to drive in, but I'm sure we'll survive.

Because employers and employees pay premiums, they naturally feel a proprietary interest in the program and its administration. Big government, however, is not notable for its “user-friendliness,” and there was ample evidence of that in the views expressed at the hearings. At times it seemed that, if only the quality of administration and style of delivery could be improved, everything would be well with Unemployment Insurance. But upon further examination of the causes of the frustration and bitterness directed at the bureaucracy, it became clear that staff and administrators were sometimes the scapegoats of a program too complex and too ill conceived to generate anything but discontent. In fact, the patience and dedication of front-line staff at the Canada Employment Centres in exasperating and difficult circumstances is often impressive.

The problem with the present delivery structure is twofold. First of all, the bureaucracy which administers Unemployment Insurance is not directed or controlled by the premium payers. Employers and employees are viewed as special interest groups, not as proprietors of the program. Second, the federal government’s responsibilities for immigration, Social Insurance Numbers, job creation, training and labour market intelligence are broader than the functioning of an effective Unemployment Insurance program. Combining all these services with Unemployment Insurance has created an agency that is overly complex and unmanageable.

It is proposed to establish a new autonomous organization, the Unemployment Insurance Commission, as the mechanism for delivering Unemployment Insurance and employment services. This Commission should operate at arm’s length from the government because, when the government is present through its representatives and its financial contributions, it effectively dominates the operation. Unemployment Insurance principles, benefit structure and appeal procedures should be set down in legislation, but the Act should leave room for employers and employees to cooperate in adjusting certain elements of the program. Most important, within broadly defined guidelines, the new Unemployment Insurance Commission should be allowed as much discretion as possible to run its own affairs.

The proposed reforms of the Unemployment Insurance program will eliminate much of the complexity in the present Act, which employers and employees were unanimous in denouncing as impossible for jurists to understand, much less clients and employers.

“I think anyone of us in this room, if we paid for insurance, and we were responded to by, ‘We have had a lot of claims, we’re really busy, we’ve got a backlog, I’m sorry; normally, you should receive your money in four weeks, but because we’re busy it’s going to be eight weeks’; well, we’d probably either fire the person, shoot the person, strangle them, or go to another insurance company.”

(County of Bruce, Social Services, London hearings)

“The administration of UI is a horrible, inscrutable, paperbound bureaucratic mess operated by weary, disinterested, unsympathetic, paperbound bureaucratic servants, who are vaguely guided by a vast tangle of unpredictable rules, lists and procedures. For some people, actually squeezing the first payment out of the system is a bit like persuading Albania to issue a tourist visa.”

(Benetech Canada Inc., written brief)

“The system is so complicated that one of the biggest complaints is, ‘If I don’t ask the right question, I don’t get the right answer’.”

(New Brunswick Federation of Labour, Moncton hearings)

"Is this a temporary layoff? Yes. What do we pay him and when? We paid him vacation; he had two weeks in advance. Is that insurable? Maybe. Is there a statutory holiday? Yes. Is that insurable? Perhaps. When? Well, I'll put it this way: if the standard vacation falls within a normal week, as ascribed by the Act, a normal week being Saturday and Sunday, whatever, and it has been assured, therefore, it can be used for a topping-up position, provided it is a permanent layoff and not a temporary layoff . . . So you get into this great morass of saying, 'Now wait a minute, guys. Do you have to have a pink suit on with a blue shoe and a red shoe facing the east at 6 o'clock at night to collect your UI?' This is where we are at right now." (Canadian Payroll Association, Toronto hearings)

"It used to be that we spent 70 percent of our time serving clients and 30 percent of our time serving headquarters and the regional office. Now it is the reverse. We spend 70 to 80 percent of our time feeding the system!" (Informal roundtable discussions with CEIC staff)

The appeal process was a source of frustration for many at the public hearings, more because of the structure and the process than because of the decisions handed down. The current process is highly adversarial. Yet the board of referees is not perceived as functioning at arm's length from the department, does not always apply standard rules of evidence, and is often chaired by persons who lack the necessary legal training and depth of understanding of the program. A revised appeal system should involve a more independent Unemployment Insurance ombudsman/adjudicator at the first level and should allow redress to a board of appeal which operates in a judicial manner.

The sheer size of the headquarters and regional offices was the subject of considerable criticism across the country. The Canada Employment and Immigration Commission has approximately 28,000 employees and is the third largest federal organization. The size and levels of the headquarters staff were perceived to be out of proportion to the kind and value of the services performed. It was suggested that there may be more staff than warranted in highly paid specialist and supervisory roles. The productivity of the claims-processing function was identified as low and the benefit control system was perceived as inadequate. At both the headquarters and the regional office levels, a picture was painted of overly controlled and managed staff, and of a system that serves itself rather than its clients. All in all, it would appear that a significant reduction should be made in the number of staff at national and regional headquarters.

A great deal of attention was devoted to delivery because no matter how well a program is designed, it is only as good as the treatment that it gives to each client. The current program fails in terms of both design and delivery. To rectify the delivery problems, major changes are suggested in organizational structure, program financing, the legal framework (in particular the appeal process) and administrative practices. The reader is again directed to the Compendium for other recommendations to improve the delivery, record keeping and control systems of Unemployment Insurance.

The existing policies and programs are not without merit. How else can one account for the widespread desire to preserve the essential features of the Unemployment Insurance program? “What would the country have done without UI?” is more than a rhetorical question. The program is here and will stay. The real issue is whether a better program can be designed.

This Commission of Inquiry was faced with many difficult choices. The views and opinions of individuals and groups in the consultations did not merely differ – at times they contradicted each other. The Commissioners also brought different perspectives and interpretations to the Inquiry. Sometimes they agreed, sometimes they compromised, and sometimes they agreed to differ – and wrote dissenting opinions.

The need for reform is evident and must not be obscured in the debate. Canada cannot afford to continue to suffer the inequities and inefficiencies of its present system. There are those who will benefit from changes to the system and those who may suffer from them. Reforms should be comprehensive enough so that a loss from one aspect of change can be balanced by a gain from another program or policy.

Some elements of Unemployment Insurance reform make sense only in a wider context. We have outlined the important ingredients of a human resource development policy and have tried to show that Unemployment Insurance is one part – but a pivotal part – of this country’s income security system. Fundamental reform of Unemployment Insurance is only possible when associated changes take place in these two larger and interlocking areas, but the precise balance of all these components leaves much room for political choice.

This report sweeps away the present variations that plague the system and produce both inequity and complexity. There should be only one entrance requirement, one benefit phase, and one maximum duration of regular benefits. The entire system must be based on a strengthened link between insurable earnings and eligible benefits. This is what an insurance program should do, and it is also what equity demands. All things considered, Annualization is the best answer.

To coordinate and effect all the recommended changes is, quite simply, a monumental task. It will require commitment, persistence, time, cooperation and leadership. Objections, delays, obstacles and complications will abound and must be overcome if Canada is to ensure a working future for her citizens.



This section lists all the recommendations of the Commission of Inquiry and summarizes the basis on which each has been made. The recommendations are designed to restore Unemployment Insurance to its original concept and to place it in the context of a strategic plan for comprehensive human resource development. Each chapter of the full report is briefly described and a short rationale for the recommendations is given. The reader is referred to the full report for further information about each topic.

Chapter 1: What We Heard

Chapter 1 presents a resumé of what participants said during the public hearings about the problems of unemployment and the Unemployment Insurance program. There was strong consensus that Unemployment Insurance is and will continue to be needed. At the same time we were assailed with complaints and grievances about the program. There was virtually universal condemnation of the complexity of the Act and regulations, and strong and opposing positions on the nature and purpose of the program itself. Some saw the program as attempting to meet too many social objectives, and called for a return to the basic principles of insurance. Others wanted these social aspects of the program expanded. The consultation process focussed the field of debate on several issues, including the program's objectives, inequities, incentives, the imbalance between the government's role and that of the premium payers, and inadequacies in the program's delivery.

Chapter 2: Employment and Unemployment

Chapter 2 presents an overview of unemployment, its nature and scope, and the interplay between rising expectations for jobs and the growth in the number of jobs available. The chapter shows that unemployment is a significant problem – a problem which annually affects one in four Canadians who want to work. The risk of unemployment is greater for those with lower levels of education, particularly youth, older workers, and workers in industries, occupations or regions facing structural transformations. Examination of the operation of the Unemployment Insurance program itself shows three patterns of usage that suggest problems within the design of the program. These patterns are specific to short-term workers, those on industrial layoffs with recall, and full-year workers who exhaust their benefits.

What are the needs of the unemployed? Quite simply, they need jobs, money, skills and increased options in the labour market. Meeting all the needs of the unemployed is a task well beyond the scope of an Unemployment Insurance program. Unless reform of the current program is undertaken as part of a broad, integrated human resource development

strategy, it can be no more than a token effort, almost certain to fall short of its objective. Part II of the report focusses on the need for a comprehensive human resource development strategy.

Chapter 3: Jobs

This chapter looks at full employment, at employment development strategies and, in particular, at job creation. It is pointed out that the demand for jobs can be met only if there is economic growth and if that growth keeps pace with growth in the labour force. Economic growth, in turn, requires a high and sustained level of investment. In recent years, investment in Canada has not been sufficient to achieve both increased productivity and expanded employment opportunities to match the growth in the labour force. Unemployment can be truly resolved only in an environment characterized by economic growth.

All industrialized countries are finding it difficult to eliminate unemployment. As a result, there is a growing lack of confidence in traditional fiscal and monetary policies. The task of stabilizing the economy at a low level of unemployment is difficult but essential and in attempting to achieve this objective, new solutions to old problems appear necessary. One possible alternative which has been persuasively argued involves revenue sharing. This entails workers agreeing to accept part of their remuneration as a share of the firm's profits rather than as wages. This approach increases the stability of employment and has been successfully adopted in Japan and Korea and is gaining in popularity in the United States.

Recommendations

- 1** Economic policies should give high priority to raising the rate of growth of the economy, in recognition of the role of economic growth in creating employment opportunities. Particular attention should be paid to policies that would ensure:
 - a high and sustained volume of investment; and
 - sufficient improvement in productivity to maintain or improve Canada's competitive position in the world.
 - 2** Full employment should continue to be a primary objective of fiscal and monetary policies.
 - 3** Profit or revenue sharing as a component of total earnings of labour should be encouraged and the treatment of income from these schemes by Unemployment Insurance and Revenue Canada should encourage their introduction.
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The problem of regional unemployment is currently approached in two ways. The first is through regional economic development initiatives that attempt to increase the productive capacity of regions by subsidizing industry to locate or expand there. The second is through job creation programs, which are a more temporary response to regional unemployment, involving short-term projects that provide jobs.

Regional economic development policy has concentrated on grafting large firms onto depressed regions. In many of these cases subsidies are required on a continuing basis to offset the inherent competitive disadvantages of these regions. Current programs do not

seem to provide much support to the growing service and small business sectors. An attractive alternative would be to invest in increased productive capacity and a higher level of employment by supporting community economic development initiatives such as Community Economic Councils and Community Development Corporations. These community-inspired initiatives have the advantage of building on local strengths, and the employment that they create becomes part of the fabric of the local community.

There is evidence from both British and French experience that the unemployed can be successful in creating their own jobs by starting their own businesses. In cases where the unemployed have a sound business plan, Unemployment Insurance rules and regulations should encourage their initiative.

Recommendation

4

An industrial and regional development strategy should be designed with the following characteristics:

- A substantial proportion of regional and industrial assistance should be directed to new and to small businesses, including those in the non-manufacturing sector.
 - Community economic development initiatives should be funded, at least in part, from funds released by phasing out regionally extended benefits. They should be undertaken in a manner that ensures local control and should be widely available to communities in Canada.
 - Initiatives that assist the unemployed to start their own business enterprises should be encouraged.
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Job creation programs have come in all shapes and sizes and have been designed with the best of intentions to meet a large number of specific problems. They have always been considered a "temporary" response to an unemployment crisis. The projects undertaken, however, have failed either to counterbalance the economic depression of the various regions or to improve the employability of participants. In addition, these initiatives have been plagued by changing federal priorities, lack of coordination among the various levels of government, and political pressures for constituency funding. What is needed is more long-term planning and the creation of jobs of long-term value to the community. All projects should be evaluated and the results made public.

Recommendation

5

Short-term job creation programs should be eliminated and the funds redirected to longer-term employment programs. These programs should:

- focus on jobs with a long-term value to the participant and community, rather than on short-term make-work jobs;
 - eliminate the constituency basis of funding; and
 - set aside a portion of program budgets for analysis by independent researchers to determine whether their objectives have been met. The results of these evaluations should be available to the public.
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Under Section 38 of the Unemployment Insurance Act, benefits may be provided to participants in approved job creation projects for up to six weeks after the project ends. Although there are many problems with Section 38, the basic one is that it is not an appropriate feature in an Unemployment Insurance program. Job creation should be supported directly from general revenue and should be open to a wider group than just those receiving benefits. Individuals who have already exhausted their benefits, for example, may be in even greater need of assistance than those still receiving Unemployment Insurance.

Recommendation**6**

Section 38 (Job Creation) of the Unemployment Insurance Act should be rescinded.

Chapter 4: Money – The Need for Income Security

This chapter outlines Canada's income security system and the role of Unemployment Insurance within that system. Income security programs in Canada can be divided into three distinct categories or tiers. Tier 1 consists of income support programs (such as social assistance and the Guaranteed Income Supplement). Tier 2 includes income supplementation programs (such as Old Age Security, Family Allowances, the Child Tax Credit, and programs operated by certain provincial governments). Tier 3 consists of social insurance programs (such as Unemployment Insurance, the Canada and Quebec Pension Plans, and Workers' Compensation).

Income support provides financial assistance to individuals and families who have little or no other income. Income supplementation provides income assistance to low-income earners to minimize the effect of an inadequate income. Social insurance programs provide some measure of income replacement in the event of various contingencies such as unemployment, sickness or injury.

Unemployment Insurance is the cornerstone of income security in Canada. It was originally designed, in 1940, as a program of temporary assistance to workers who are between jobs. With the haphazard addition of functions over the years, to cover new situations and serve new needs, the program has expanded far beyond this. As a consequence in some parts of the country it is now part of a regular pattern of income from seasonal or short-term employment, unemployment benefits and, for some, social assistance. In some cases, benefits actually exceed the earnings that they are intended to replace, due to the provision of regionally extended benefits. Thus, Unemployment Insurance has become a major element of income or earnings supplementation.

Unemployment Insurance is poorly designed to undertake the function of supplementing income because benefits are not income tested, Unemployment Insurance is directed to the individual rather than the family, and benefits are based on previous earnings rather than need, with higher benefits going to higher earners rather than to the needier. Only 11 percent of Unemployment Insurance benefits go to families with incomes of less than \$10,000, and almost 20 percent go to families with

incomes greater than \$40,000. It is simply not a good instrument for income redistribution.

Regionally extended benefits, funded by general revenues rather than premiums, were introduced to provide supplementary assistance in specific regions with particularly high unemployment. Over time, however, unemployment has risen throughout Canada so that regionally extended benefits have been paid in every region since 1981. Consequently, these benefits are no longer part of an economic adjustment plan directed toward areas with unusually severe problems; they have become a kind of temporary social assistance/income maintenance plan for those who can find at least 10 weeks of work per year.

Regionally extended benefits are considered by many to be an essential element in regional economies. These benefits, however, attack the symptoms rather than the underlying causes of unemployment. Eliminating regionally extended benefits would free up some \$2.8 billion which could be directed to correcting the causes of unemployment and providing earnings supplementation to those who need it. It would be irresponsible to give serious consideration to removing regionally extended benefits without providing an income supplement to workers faced with economic hardship and without providing development funds to regions and communities suffering from the impact of economic forces well beyond their control.

A federal Earnings Supplementation Program cannot exist in isolation, distinct from developments in other social security benefits, the tax system or provincial initiatives. Four provinces have income supplementation programs and all provinces are vitally interested in helping low-income families. What may be needed is a group or series of supplementation plans, reached through federal-provincial agreements, to reflect the differing provincial concerns.

An Earnings Supplementation Program which helps those who have some income differs fundamentally from a guaranteed annual income which helps those who have no other sources of support. An Earnings Supplementation Program should be designed to increase a person's income when earnings increase and the program should have a low and consistent tax-back rate on income earned while receiving the supplement. A well-designed program would compensate for the effects of phasing out regionally extended benefits. It would be a major reform of one tier in the income security system, and would allow Unemployment Insurance to return to its appropriate role.

Unemployment Insurance plays essentially a transitional role, that of partial income replacement for a specific period during an interruption of earnings. It should serve as a lifeline rather than a safety net – to help people return to stable employment rather than holding them in a pattern of dependence. The many additions to its functions over the years have subverted its essential nature and created unacceptable inequities. This has occurred largely because of the lack of other, more appropriate programs or agencies. Unemployment Insurance should return to its original purpose and other initiatives should now be adopted to assume the functions of income supplementation for low-income families.

Recommendations

- 7 Regionally extended benefits within the Unemployment Insurance program should be progressively abolished and replaced over a period of four to five years with a range of human resource development programs better tailored to meet the needs of individuals and regions. The range of programs and policies should include:
- an Earnings Supplementation Program;
 - economic and community development initiatives;
 - education, literacy and basic training programs; and
 - policies and programs to facilitate greater flexibility in the labour market.
- 8 The Canadian government should work closely with the provinces to develop earnings supplementation plans that complement the proposed changes in the Unemployment Insurance program. These plans should ensure that those who participate in the labour force but have inadequate incomes would be eligible to receive a supplement on the basis of total household income rather than individual income. The tax-back rate, when combined with the income tax system, should be less than 50 percent.
- 9 Unemployment Insurance should provide temporary replacement of earnings in the case of job loss or interruption of employment earnings.
-

Unemployment results from either job loss or a temporary interruption of earnings. It is as reasonable to cover temporary sickness, maternity or parental benefits as it is to cover temporary layoffs with recall notices. In the absence of another, more inclusive system to protect those whose earnings are interrupted because of maternity, parental or sick leave, it is appropriate for Unemployment Insurance to continue to provide this coverage.

The issue of the "medical yardstick" for sickness benefits caused many complaints at the public hearings. While the use of the medical yardstick as a guide is not disputed, the secrecy that surrounds it is insupportable. Another issue concerns the waiving of the normal two-week waiting period in certain cases of illness. This practice is contrary to the principle of co-insurance whereby the insured and the insurer share the cost of any contingency covered by the insurance.

Maternity benefits have changed over time to provide benefits not only for the mother, but also for parental care. Although in 1984 benefits were extended to adoptive parents, the role of the natural father has not been equally recognized. The provision for a 2-week waiting period and for a total benefit period of 15 weeks should be maintained. A two-tier system would allow parents to decide how long the mother would receive benefits and which parent would assume the initial parenting role. The current restriction limiting the duration of the receipt of special benefits such as maternity and sickness in any combination to a maximum of 15 weeks is unduly harsh.

Recommendations

- 10.1** The Unemployment Insurance program should continue to provide sickness benefits. It should retain the provision for premium reduction equivalent to the saving to the Unemployment Insurance Account from private disability insurance, but the method of calculating the premium reduction should be reviewed.
- 10.2** The medical yardstick for determining sickness benefits should be readily available for client reference. The two-week waiting period for sickness benefits should continue and this requirement should be enforced.
- 11.1** A two-tier system of maternity and parental benefits should be implemented, comprised of:
- maternity benefits available during the period surrounding childbirth; and
 - parental benefits available during the period following maternity leave or placement of an adopted child;
 - parental benefits should be available to either or both parents (but not concurrently) such that the total amount of benefits does not exceed the maximum available to one parent; this should be made available only to those who are active labour force participants.
- 11.2** Section 22(3) of the Act should be amended to remove the present 15-week aggregate benefit limit, so that the availability of sickness benefits is separate and distinct from any maternity or parental benefits to which a person is entitled. Maternity, parental and sickness benefits should be available during any phase of the claimant's unemployment spell.
-

Seasonal factors, layoffs and other industrial practices contribute heavily to interindustry variations in the relationship between contribution and benefits. The result is that industries with stable employment patterns are seen as subsidizing those with less stable patterns. Experience rating has been suggested as a means of reducing, if not eliminating, these cross-subsidies. Evidence shows, however, that on balance its effect would be negligible in affecting the behaviour of firms.

Recommendation

- 12** Unemployment Insurance premiums should not be based on experience rating.
-

Chapter 5: Skills – A Choice of Futures

This chapter identifies fundamental inadequacies in the educational and skill level of the work force and examines the role of Unemployment Insurance in that context.

An educated work force is better able to adapt to changing labour market demands and will therefore have a better choice of futures. There are fundamental inadequacies in the educational and training system, however, and this has resulted in inadequate skills among many workers. Evidence shows that those who have not completed high school are much more likely to be unemployed. For this reason, a strategy to help achieve at least high school equivalency is essential. Rather than emphasizing specialized skills training, the focus should be on ensuring attainment of the basic educational level which is necessary for future training and retraining.

To overcome the current inadequacies in the educational system, there is an urgent need for leadership on the part of educators and public policy makers to put aside jurisdictional considerations and deal with the real needs of high school dropouts. It is recognized that high school education is largely within provincial jurisdiction, but the education required for a more flexible and better trained labour force knows no provincial boundaries.

Many adult Canadians are functionally illiterate and lack numeracy skills. The resulting inability of almost a third of the adult population to deal at the necessary level with language, numbers and concepts has considerable human and economic costs. Functional illiteracy is being recognized increasingly by Canadian industry as a major concern. If Canada continues to ignore the illiteracy crisis and fails to mount a cooperative and sustained effort to eliminate it, a large proportion of workers will be limited in their ability to participate effectively in the work force.

Recommendations

- 13** The federal government should invite provincial governments to undertake measures at the high school level to ensure that a high minimum level of education is achieved by all Canadians and that these measures emphasize:
- flexibility in program requirements;
 - the acquisition of general basic skills to grade 12 or an equivalent level;
 - cooperative programs that combine work and study; and
 - the inclusion of technological content in all programs.
- 14** The federal government should invite provincial governments to cooperate in mounting a sustained effort to eradicate functional illiteracy and innumeracy among the adult population.
-

Basic knowledge and skills are fundamental preconditions of a skilled and flexible work force. Changing requirements, and the consequent necessity for the labour force to adapt, demand a greater emphasis on employment training and retraining. Employers repeatedly complained at the public hearings that they could not find workers able to solve problems, and that what they needed were workers with general

skills, who are able to adapt and to learn new technical skills as job requirements change. Funding arrangements have also been criticized on the grounds that they limit the selection of the most appropriate courses.

Recommendation

- 15** Training programs and funding arrangements under the National Training Act should be modified to:
- assign high priority within the Institutional Training Program, or its replacement, to providing courses in functional literacy, basic training for skill development, and educational upgrading;
 - recognize programs that enable functionally illiterate workers to gain basic literacy skills as a legitimate component of on-the-job training; and
 - replace the current funding arrangement with one that will increase the relevance and responsiveness of training institutions to the labour market.
-

Section 39 of the Unemployment Insurance Act provides benefits, in some cases for an extended period, from general revenues to recipients who undertake training in approved courses. There are several concerns about this arrangement. All unemployed individuals should be given the opportunity to upgrade their skills and improve their employability. The current practice in approving courses is not to place emphasis on basic skills but to favour those who already have substantial skill levels and, in the case of apprenticeship training, to favour those who are already employed. The operation of the apprenticeship program should be removed from the Unemployment Insurance program and reviewed by the appropriate federal and provincial authorities. The provision of extended benefits to a person while on training is inequitable and a violation of the insurance principle. Trainees should receive benefits only for the period of their regular entitlement, and the role of Unemployment Insurance should be limited to waiving the search requirements for those undertaking approved training.

Recommendation

- 16** Section 39 of the Unemployment Insurance Act should be rescinded and provision should be made to:
- waive job search requirements for approved beneficiaries undertaking approved training programs (including literacy, educational and skills upgrading);
 - establish a review process to monitor these approvals;
 - exclude allowances for expenses from computation of earnings on claim; and
 - initiate a review of the operation of the apprenticeship program by the appropriate federal and provincial authorities.
-

Those in the 15-to-24 age group need special attention. The baby boom generation has already flooded the labour market and produced high unemployment among youth and young adults. Many are poorly equipped for participation in the labour force and have difficulty adjusting to the demands of adulthood.

Recommendation**17**

The Minister of State for Youth should consider implementation of a comprehensive Youth Opportunities Program. The program would combine basic education, counselling, life skills and work experience for young people aged 15 to 24 years who do not have a high school diploma or are otherwise disadvantaged and are having difficulty entering the labour force.

Chapter 6: Options – Employment Flexibility

This chapter addresses the need for greater flexibility in the labour market and evaluates such programs as mobility assistance, retirement policies and alternative work arrangements. These initiatives provide individuals with greater choice and allow the labour market to adapt more readily to change.

Labour displacement in declining industries and depressed regions often involves many people. In these circumstances, it is sometimes in everyone's interest that relocation take place. Currently, several programs provide mobility assistance to facilitate the movement of individuals who are unemployed, underemployed or about to become unemployed. What is required is a consolidation of mobility assistance into a single program, to avoid overlap and duplication.

Mobility, however, is not a panacea for solving labour market problems. A key policy element should be the degree of flexibility in labour adjustment. A consolidated mobility program should be based as much on the needs of the individual as on the needs of industry. It should have few criteria that limit eligibility, and should provide assistance to those who relocate to undergo training.

Recommendations**18.1**

All federal labour market programs that provide mobility assistance should be consolidated.

18.2

In the new consolidated mobility assistance program:

- the industry and community basis for determining eligibility should be eliminated; and
 - in addition to those currently eligible, assistance should be provided to workers who relocate for training purposes.
-

Changing economic and social demands will require greater flexibility in the way that work is organized and also in the rules and regulations of Unemployment Insurance. There are many alternative work arrangements, but the variety and the benefits of these alternatives are not sufficiently understood. Some alternatives, such as job sharing and working part time, have direct implications for employment income and consequently for the Unemployment Insurance system. Job sharing involves restructuring a single full-time job into two or more part-time jobs. Interest in job sharing has increased in response to the needs and preference of working parents and partially retired persons.

Part-time employment has increased rapidly over the last decade. The Unemployment Insurance program excludes many part-time workers, since in order to be eligible a person must work at least 15 hours per week for the same employer. This restriction imposes hardship on many families, is unfair, and is out of step with changing work patterns. The Wallace Commission of Inquiry on part-time work and the Boyer Committee on equality rights both concluded that the current minimum of 15 hours per week should be reduced to 8 hours. The principle that all hours of work should be covered is accepted, but it is recognized that in practice extending coverage to every hour and to every worker may create administration problems and may result in additional costs, particularly for small businesses. The feasibility of such an extension should be examined by the Canada Employment and Immigration Commission.

Recommendation

- 19** Unemployment Insurance coverage, in principle, should be extended to all part-time workers, but first of all to those who work a minimum of eight hours per week. Workers should be allowed to accumulate hours of work in order to become eligible for coverage. The administrative feasibility of covering all hours of work, including work for different employers, should be examined by the Canada Employment and Immigration Commission.
-

Compensated work sharing is a temporary arrangement intended to preserve employment through the avoidance of layoffs, at least in the short term. A prorated share of the regular weekly Unemployment Insurance benefit is paid to those workers whose normal hours are reduced by a formal agreement. There is widespread support for these arrangements.

Recommendation

- 20** The current work-sharing provision in Unemployment Insurance should be retained, and an internal review should be undertaken in order to streamline procedures and reduce administrative and compliance costs.
-

Since the end of World War II, the proportion of a worker's life spent in the labour force has declined substantially, largely because of a preference for increased leisure as real wages and real incomes rose. This preference is reflected most notably in the choice of a shorter work year through increased holiday periods. In contrast, the average work week has remained remarkably constant. Because of the projected aging of the population, the wisdom of attempting to reduce work time or ban overtime work by legislation is questionable.

Recommendation

- 21** Flexibility in work time should be encouraged but shorter work days, weeks or years should be negotiated by individual firms and industries rather than being established by legislation.
-

The requirement of mandatory retirement at age 65 is under attack because of the equality provisions in the Canadian Charter of Rights and Freedoms. The federal government has expressed a commitment to facilitate flexible retirement, and changes to increase the flexibility of public and private pension plans either have been made or are contemplated. Available empirical evidence from the United States and from Quebec indicates that these measures may have little effect on postponing retirement. They will, however, expand the range of genuine personal choice. These changes have major implications for the Unemployment Insurance program. They change the context of the three-week "retirement benefit" at age 65 and the treatment of pension income in determining Unemployment Insurance benefits for persons under age 65 who take on another job while receiving a pension. Since Unemployment Insurance and Old Age Security are elements of the social security system, changes in their age limits should be coordinated.

Recommendation

- 22** The age limit of 65 years should be removed as a barrier to Unemployment Insurance eligibility, concurrently with changes in the age limit established in the Old Age Security program. At that time, the provisions in the Unemployment Insurance Act for payment of a three-week "retirement benefit" should be rescinded.
-

Chapter 7: A Plan for Reform

This chapter sets forth the proposed fundamental reform of the core program of Unemployment Insurance, the objectives, and the reasons for the new program design. The current program is perceived by many to be unfair, illogical, at variance with the principles of social insurance, and overly complex. Different criteria are applied and different benefits provided to individuals who are in similar circumstances. More generous treatment is given to short-term than to long-term workers, and more is given to those in some regions than in others. The entrance requirements are complicated and there are different benefit phases. Not all hours of work are treated equally in determining eligibility for benefits, and workers in the same occupation with the same employment possibilities are treated differently. The practice of basing eligibility on the local unemployment rate is unfair, since that rate is a poor indicator of job opportunities.

The proposed new approach must be viewed within the broad context of the human resource development proposals included in preceding recommendations, and within the framework of the income security system. The reform embodies the view that Canada must invest more in human resources and make funds available to support programs for that purpose. Within the context of a comprehensive human resource development strategy, the role of Unemployment Insurance would become one of strict income replacement. Income supplementation and other aspects of the current program would be transferred to programs specially designed for these purposes.

To respond to deficiencies in the current program, the proposed reforms involve moving to "Annualization" in the calculation of benefits – that is, basing the level of benefits on insurable earnings over the previous 52 weeks and paying benefits for up to 50 weeks. In addition, an annual maximum limit on insurable earnings is set. This annual limit would remove inequities and encourage increased flexibility in the workplace. A further change involves a revised approach to credit banking, ensuring that all hours worked and all earnings are included in the calculation of benefits, which will provide greater incentives for the unemployed to accept full-time work. Finally, shifting to an entrance requirement based on hours rather than weeks would allow workers to accumulate all hours of work.

It was decided that simple modification of the existing program would not meet the demands of the changing economic environment or provide the best possible foundation for the future. The weaknesses and inequities in the current system were carefully reviewed and the advantages and disadvantages of various options were studied and debated. The decision was reached that, on balance, Annualization was the best approach, because it combines low entrance requirements with long maximum duration of benefits, without the inequities, disincentives and administrative complexity of the current approach.

Recommendations

23 A new Unemployment Insurance program should be developed and implemented. Features of the program should include:

- a standard cumulative entrance requirement of 350 hours;
- benefits based on average weekly insurable earnings in the 52 weeks prior to unemployment;
- benefits paid in 50 weekly instalments after a two-week waiting period;
- benefits to equal $66\frac{2}{3}$ percent of insurable earnings;
- an annual maximum insurable earnings limit applied according to the employer's pay periods; and
- a system of credit banking.

24 The reformed program should be introduced in four phases.

- Phase 1: benefits would be based on the average weekly earnings over 13 weeks, paid in 50 weekly instalments, and would be 60 percent of insurable earnings.
- Phase 2: benefits would be based on the average weekly earnings over 26 weeks, paid in 50 instalments, and would be 60 percent of insurable earnings.
- Phase 3: benefits would be based on the average weekly earnings over 39 weeks, paid in 50 instalments, and would be $66\frac{2}{3}$ percent of insurable earnings.
- Phase 4: benefits would be based on the average weekly earnings over 52 weeks, paid in 50 instalments, and would be $66\frac{2}{3}$ percent of insurable earnings.

Particular concern was expressed at the public hearings about the situation of unemployed older workers who are too young to draw a pension but may be considered too old to be readily employable. For them, one year of benefits may be insufficient for the sort of adjustment that all workers may find increasingly necessary. Under Annualization, workers who suffer a number of layoffs in quick succession after many years of steady employment with the same company may need a means to top up their benefits to some percentage of their average weekly earnings. They may also need assistance to top up or extend their benefits so that they can undertake approved training and move for relocation purposes.

Recommendation

25 A Cumulative Employment Account should be developed, having the following features:

- Credits would accrue at the rate of two weeks for every year worked, to a maximum of 25 years of credit.
 - Benefits could be drawn only after a 30-year threshold.
 - Benefits could be used to (a) top up Unemployment Insurance benefits to $66\frac{2}{3}$ percent of average insurable earnings over the previous five years; and (b) top up or extend benefits for those undertaking approved training, retraining or mobility. Benefits could be extended to a maximum of 52 additional weeks.
-

Chapter 8: Immediate Steps – Other Program Reforms

Fundamental restructuring of the Unemployment Insurance program involves sweeping changes that must be carefully considered and gradually introduced. This chapter deals with a number of less fundamental changes that could be implemented more rapidly, either within the current program or as part of a reformed program.

The treatment of pensions was the subject of a special reference to the Commission of Inquiry. In considering this issue, it must be recognized that the entire question of retirement and retirement policy is changing rapidly. Under the Canadian Charter of Rights and Freedoms, age 65 may no longer be a basis for mandatory retirement. Actuarial adjustments for those wishing to retire at other than the "normal" retirement age are already taking place or being contemplated in both the public and private sectors. As a consequence, it will become less and less true that receipt of a pension and retirement are synonymous. Thus, the question of the treatment of pension income by Unemployment Insurance has become part of a more general problem facing policy makers – the increasing importance placed on flexibility in retirement and pension arrangements, and the resulting need for better coordination of all related social policies, particularly Old Age Security.

Since those who have retired are no longer in the labour force, they should no longer be covered by a program such as Unemployment Insurance, which is designed to assist members of the labour force. Receipt of a pension, however, does not necessarily mean that a person has left the labour force and should not lead to disqualification from Unemployment Insurance benefits.

Denying coverage to everyone with pension income would mean denying coverage to the many individuals who enter another job after leaving a career with a pension. By contrast, the approach that became effective January 5, 1986 compels those with a pension from previous employment to pay for coverage on subsequent employment but treats pension income as earned income, so that when these workers become unemployed their benefits may be negligible or non-existent. Another possible approach would be to ignore pension income entirely. This would mean ignoring deferred income from another job, since that is how pension income is generally considered. If the mandatory retirement age were removed and pension income were ignored completely, then Unemployment Insurance could be used to finance the first year of retirement and the cost could become prohibitive.

It was recognized that those in receipt of pension income should not be discouraged from pursuing a second career. It was therefore decided to recommend treatment of pensions in two ways: the first if the pensioner is unemployed when the pension is received initially and the second if the pensioner becomes unemployed from a subsequent job. Because building up a pension is a lifetime process, any changes that might reduce pension income should be introduced only after notice of three years to those likely to be affected.

Recommendation

- 26** The current treatment of pension income should be rescinded with an effective date of January 5, 1986. The new policy should be announced and an implementation date of January 1, 1989 set. The new policy should be:
- that pension income received during a period of unemployment immediately following retirement from a first career would be treated as earnings when calculating Unemployment Insurance benefits for that period;
 - that during future employment periods, Unemployment Insurance would provide coverage only on the difference between pension income and the lesser of the new earnings or maximum insurable earnings;
 - that premiums would be calculated on the basis of insurable earnings minus pensions in pay; and
 - that administratively, weekly premiums would be calculated as now, with any excess rebated via annual income tax returns.
-

Currently, lump-sum payments, including severance pay, vacation pay, bonuses and payments from an employee profit-sharing plan, are translated into weekly earnings and treated like earnings on claim, which are subtracted from eligible benefits. It is considered inequitable that in these cases the maximum benefit period and the amount of benefits are reduced. The major exception to this treatment of lump-sum payments is the treatment of vacation pay trust funds, which exist predominantly in the construction industry in Ontario and Quebec. In these funds, vacation entitlement is accrued and benefits are usually paid twice a year and vacation must be taken in a set time period. Individuals should not be considered as unemployed and available for work during these vacation periods.

Recommendations

- 27.1** Severance pay, vacation pay and lump-sum payments should be allocated to weeks, using the same formula as at present. These monies should delay but not reduce benefit entitlement. In addition, they should be considered as insurable earnings.
- 27.2** Recipients of benefits from vacation pay trust funds should be disentitled for the period for which vacation pay is received. This would delay but not reduce benefit entitlement.
-

Under the present system, if a person in receipt of benefits earns more than 25 percent of his or her benefits, then benefits are reduced by one dollar for every dollar earned above that limit. Thus, there is no financial incentive to work beyond the exemption level. Maximum work incentives should be provided to the extent that benefits and earnings together do not exceed the previous insured earnings of the individual worker.

Recommendation

28.1 Earnings while on claim should reduce benefits at a rate equal to the replacement ratio. That is, if the replacement ratio is $66\frac{2}{3}$ percent, then the reduction rate should also be $66\frac{2}{3}$ percent.

At present, coverage under Unemployment Insurance is limited to jobs that involve at least 15 hours of work a week or pay at least \$99 a week. Part-time workers with more than one job are considered unemployed and eligible to receive benefits if they lose one job, provided it is insurable. Earnings from the job that continues are treated as earnings while on claim, however, and as a consequence, they are treated more harshly than a full-time worker with the same total insurable earnings.

Recommendation

28.2 Benefits for multiple job-holders should be calculated on the basis of total insurable earnings from all jobs. Any earnings during the benefit period should be treated as earnings on claim.

A particularly contentious issue is the provision in the current Act that makes those whose earnings are interrupted because of a labour dispute ineligible for benefits. That provision is based on the fact that the strike is voluntary and that payment of benefits to strikers would breach the principle of neutrality by making Unemployment Insurance into a form of strike fund. The present rule considers an industrial dispute to be in progress until 85 percent of the work force is recalled, even if an agreement has been ratified. Once the agreement has been ratified, these workers are no longer on strike.

Recommendation

29.1 A dispute should be considered over on the date that the collective agreement is signed, except in cases where a date for return to work is identified in a subsidiary agreement or protocol.

Employees are also considered to be ineligible for benefits in the event of a lockout by their employer, although the employees who are locked out are not voluntarily unemployed.

Recommendation

29.2 In the case of a lockout, workers should be eligible for Unemployment Insurance benefits while a collective agreement is in force.

At present, some workers who are indirectly involved in a strike are disqualified. This policy violates the principles of voluntary action and of neutrality. The present rule is that contributing to a common strike fund

may lead to disqualification. Therefore, members of a local that is part of the same union are disqualified even if they did not participate in the decision to go on strike. Workers in the same plant but in a bargaining unit that is not a local of the striking union are not disqualified. This distinction may be both inequitable and illogical.

It is important to acknowledge that there may be instances where those indirectly involved in a labour dispute may receive substantial and early benefits from it. Where this is established, disqualification should follow. In such cases, there should be a right of appeal with the onus on the Commission to justify the decision.

Recommendation

- 29.3** Those indirectly involved in a dispute, including those who belong to the same union but are in a different local, should not be disentitled. Where there are direct, substantial and early advantages to those who are indirectly involved, they should be disentitled but that decision should be subject to appeal.
-

At present, workers involved in a labour dispute who take a second job are not eligible for benefits if they are laid off from that job. This practice ignores the fact that the layoff is entirely separate from the original labour dispute. This practice is not justified unless the Commission can show that the layoff was contrived in order to collect benefits.

Recommendation

- 29.4** In a situation where a worker is disentitled because of a labour dispute, then takes another job and is laid off, that worker should be eligible for Unemployment Insurance on the basis of the second job. In cases where claimants have earnings on claim and lose those earnings because of an industrial dispute, this should not disentitle the worker from the original claim.
-

Claims for sickness, maternity and adoption benefits are denied at all times during a labour dispute. These events are not related to the dispute and would have occurred whether or not the labour dispute had taken place. The provision of sickness benefits, however, must be very limited to avoid possible abuse.

Recommendation

- 29.5** Maternity, adoption and sickness benefits should be paid during an industrial dispute. In the case of sickness, however, benefits should be awarded only if the claimant is confined to hospital.
-

On strict insurance principles, voluntary quitters should not be eligible for benefits. To apply these principles would require the employer to identify those who voluntarily quit their jobs. There is, however, no extra cost to the employer in identifying the situation as a layoff, and therefore no incentive to police the system. Indeed, the

employer may collude to call it a layoff rather than a resignation. Increasing the penalty might simply increase the pressure for collusion.

There is need, however, to clarify and publicize the conditions under which a person may leave a job without penalty. "Just cause" is poorly understood among claimants. There is also need to revise the rules to cover cases of "inverse seniority" in collective layoffs, when older workers by agreement may choose to be laid off. In these cases no penalty should be imposed.

Recommendation

- 30** The current penalty of loss of benefits for up to six weeks for voluntarily leaving a job should be retained. "Just cause" for leaving a job voluntarily should be clarified and publicized, and "inverse seniority" in a collective layoff should be included as just cause.
-

The requirements that recipients be engaged in job search and available for work are critical in that they determine whether a claimant is considered to be unemployed or to have left the labour force. Enforcement of the requirements should be conducted in a humane, reasonable and intelligent manner, and those attempting to start a business should not be disintitiled on the grounds that they are not available for paid employment.

Recommendation

- 31** Job search and availability for work should continue to be essential elements in the Unemployment Insurance program.
- Criteria regarding what constitutes suitable employment should be made explicit to clients.
 - The kinds of jobs claimants are required to search for should be continuously adjusted in light of the local availability of "suitable" jobs.
 - Job search and availability requirements should be waived in instances of sickness and maternity, temporary layoff with assured recall, jury duty, approved training programs, and approved plans to start a small business.
-

Chapter 9: The Self-Employed

This chapter addresses the issue of self employment and deals in some detail with the issue of fishing benefits.

There would be almost insurmountable obstacles to providing protection to all categories of the self-employed. In cases where the individual can create the conditions which permit the collection of benefits, as the self-employed can, the degree of moral hazard presented is incompatible with Unemployment Insurance. A spouse who works on salary for a self-employed person, however, should not be excluded from coverage, except in jurisdictions where the spouse is treated as a partner under family property law.

Recommendation

- 32** Unemployment Insurance coverage should be extended to persons married to and working for the self-employed, in jurisdictions where under family property law spouses of business owners are not treated as partners in the business and where they are paid a salary subject to income tax.
-

Self-employed fishermen were included under the umbrella of Unemployment Insurance by a special amendment of the Act in 1956. The purpose was to provide income support to self-employed fishermen, particularly on the Atlantic, and to the many coastal communities that depend upon the fishery for their survival. But the fishing benefits program has problems stemming from the nature of the program, its inherent administrative difficulties, its inadequacies in meeting the needs of the fishermen whom it was intended to serve, and the obstacles that it presents to processors who need a greater supply of fish during the latter part of the season. Unemployment Insurance is neither appropriate nor adequate to meet the needs of fishermen who, through the vagaries of nature or government policy, are most in need of income supplementation.

Recommendation

- 33** "Part V Fishermen's Regulations" should be amended to establish a five-year maximum deadline for phasing out the eligibility of self-employed fishermen for Unemployment Insurance.
- During this five-year period, eligibility for special fishing benefits should not be extended to any new fishermen. Current Unemployment Insurance beneficiaries should be permitted to elect to receive a weekly payment during their off-season, calculated on the basis of their average entitlement over the preceding five years rather than on the current schedule of benefits.
 - During this five-year period, the federal and the provincial governments involved in the fishing industry should develop and implement an income supplementation plan for all workers in relation to their need, with resources at least equivalent to those currently available for Unemployment Insurance benefits to self-employed fishermen.
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Chapter 10: The Reform of Program Delivery

This chapter provides a range of proposals for improving the administration of Unemployment Insurance. They include fundamental changes in the structure of the organization and other changes that could be adopted even without the proposed reorganization. Although nominally independent, the Canada Employment and Immigration Commission is a federal body subject to the guidelines of the Treasury Board and to the personnel policies of the Public Service Commission. The two Commissioners who represent employers and employees exert minimal influence. Those who pay most of the costs through premiums have an insignificant role in the management of the program. The delivery of service appears to be directed more to serving the needs of the system rather than to responding to the needs of the clients. In short, the Commission lacks autonomy, power and authority.

Recommendation

- 34** A new autonomous organization, the Unemployment Insurance Commission, should be established to be the mechanism for delivering Unemployment Insurance and employment services, and it should operate at arm's length from the government.

Throughout the report, the need has been stressed for the federal government to assume leadership in the development of a comprehensive human resource development strategy. A revitalized Department of Employment and Immigration should have a broad mandate for that strategy. Whether or not all of the existing programs and functions related to human resource development are allocated to this department, coordination of these initiatives is essential.

Recommendation

- 35** The remaining Department of Employment and Immigration should be revitalized, with a broad mandate for human resource development.

The new Commission should function at arm's length from government, while operating subject to a revised Unemployment Insurance Act that would limit its discretion with respect to the basic features of the program and the appeal process. It would not need parliamentary appropriations, since it is proposed that it be financed entirely from premiums.

Recommendation

- 36** The new Unemployment Insurance Commission should be established as a parent Crown corporation under Schedule C, Part II, of the Financial Administration Act.

In order to provide an administration that will operate at arm's length from government, a board of directors with wider representation of employers and employees than at present should be appointed. This

board would balance the interests of the employers and employees who jointly fund the program.

Recommendation

- 37**
- The board of directors of the new Unemployment Insurance Commission should consist of between 13 and 21 members, and a majority of members should be selected equally from labour and from employers.
 - These appointments should be made by Order in Council upon consultation with interested groups and for a fixed term of three years, with one-third of the board eligible for replacement and reappointment every year.
 - The board of directors should be responsible for selection of the chairman of the board and of the chief executive officer.
-

It is essential that the administration of the program be more responsive to the needs and concerns of employers and employees, and that the current imbalance between a massive impersonal bureaucracy and the individual claimant be redressed.

Recommendation

- 38**
- The legislation enacting the Unemployment Insurance Commission should grant it full authority over the implementation of the program and responsibility for the delivery of services.
-

It is difficult to avoid the conclusion that public access to the Unemployment Insurance program has low priority, since there is widespread criticism of the lack of information provided to employers and employees on all aspects of the program. There is considerable public frustration over the difficulties of obtaining answers to questions and even of contacting the staff, whether in person or by telephone.

Recommendation

- 39**
- The Unemployment Insurance Commission should do more to inform the public, employers and employees about the program in general; about the requirements of the law, regulations and appeal process; and about the rights and responsibilities of claimants and appellants.
-

Rules of implementation used to deliver the program are sometimes found in the Act or the regulations, and sometimes in administrative policies or the decisions of umpires. It is the intent of the proposed changes to give the new Commission responsibility for the rules that are to be adopted in order to deliver the program. Existing rules need careful examination and evaluation. Deadlines for filing claims, for example, have important implications in terms of lost benefits. It is not clear what circumstances constitute "just cause for delay" and would allow a claim to be antedated. The onus of proof of qualification for benefits is placed on the claimant rather than this onus being on the Commission. The current rules and procedures governing appeals require the claimant to

provide evidence, but give no clear guidance regarding the nature of the evidence required or what constitutes "just cause."

Claimants should be expected only to show that they have met the basic requirements for eligibility. If their request for benefits is denied, the onus should then be on the Commission to show justification for that decision. Furthermore, the Commission should provide reasonable assistance to the claimant in preparing the argument to support his or her claim.

Recommendation

- 40** All rules used to deliver the Unemployment Insurance program, particularly those related to filing deadlines, onus of proof and the standard of evidence, should be evaluated. Claimants should be provided with reasonable assistance in marshalling the facts necessary to support their case.
-

The legislation establishing a reformed Unemployment Insurance program and an autonomous Commission should reflect the simplicity and clarity requested by clients, and should permit the flexibility required to respond to the changing needs of the unemployed and to economic changes. It should identify the purpose of the program and the mandate of the Commission without attempting to foresee every possible eventuality. The role and nature of the Unemployment Insurance program and the major features of the benefit structure should be specified, but detailed rules of implementation should be left to the discretion of the Commission.

Recommendation

- 41** The new Unemployment Insurance Act should clearly identify the objectives of the Unemployment Insurance program, its nature and scope. Specific references should be made in the Act to:
- the principles that constitute the basis for setting premium rates and benefit levels;
 - the principles that determine what is unemployment under the Act (including the interruption of earnings);
 - the concept of voluntary and involuntary unemployment (including availability for work);
 - the principles that determine what earnings are insurable; and
 - the rights and obligations of claimants, including the right to appeal.
-

The Unemployment Insurance Act is complex and difficult even for jurists to understand, let alone clients and employers. The regulatory process is itself a complicated maze because of countless piecemeal changes in regulations. It is reasonable to require due notice of changes in regulations and policy that affect clients significantly.

Recommendation

- 42** The new Act, in delegating to the Unemployment Insurance Commission the power to issue regulations, should prescribe a manner and schedule for making these changes, so as to limit their frequency. Notice of proposed changes to regulations should be published in the media well in advance of their proposed date of implementation.
-

Canadian law has traditionally had an appeal system that reviews the substance and facts of the case at the first level and reviews the legal procedures and interpretation at the second level. The Unemployment Insurance appeal system is more complex. It involves an internal review plus several levels of review of the procedures. Other problems include the fact that boards of referees are not regarded by claimants as "bona fide" appeal boards, since they are not seen to function at arm's length from the Commission, do not apply standard rules of evidence, and are chaired by persons who lack the legal training or the necessary depth of understanding of the program. Furthermore, the internal review procedure is perceived as inadequate in that the staff person involved is not separate from the normal line of authority.

Recommendations

- 43.1** The current appeal system of a board of referees and umpire should be replaced by an Unemployment Insurance ombudsman/adjudicator's review and a board of appeal.
- The responsibilities, independence and powers of the Unemployment Insurance ombudsman/adjudicator should be specified in the Act and should include the obligation to report annually on problems in implementing the Act and interpreting statutory and regulatory provisions, and to provide pursuant recommendations.
 - The board of appeal should be established to hear all first-level appeals and be empowered to review the substance of all cases. It should consist of an experienced lawyer deemed qualified for appointment to the judiciary, as presiding officer, and two assessors representing the interests of employers and employees. The board should function judicially, making full use of the adversary process and abiding by the rules of evidence.
 - The function of adjudication review should be clearly separate from claims processing and benefit control.
- 43.2** Funding should be provided to approved groups, such as unemployment action centres, to assist both employers and employees in the appeal process. These groups and claimants should have ready access to the decisions of umpires, in order to prepare for the appeal process.
-

The present Act confers wide powers upon the Commission. The Commission has, for example, the power not only to impose administrative penalties but also to lay charges against the same individual or company for criminal prosecution. It has powers of search and seizure and is not obligated by law to give clients sufficient notice to allow them time to examine the documentary evidence assembled by the prosecution.

Recommendation

- 44.1** The Act should narrowly define the powers of enforcement of the Commission consistent with the guarantees prescribed in the Canadian Charter of Rights and Freedoms and ensure that they are necessary to the essential purposes of the program.
-

Because Unemployment Insurance is a compulsory program financed by a payroll tax, the public interest requires that the autonomous Commission be financially accountable and that certain rules to that end be specifically laid down in the Act.

Recommendation

- 44.2** The Act should ensure normal standards of accountability to Parliament for the new Unemployment Insurance Commission. Specific references should be made in the Act to:
- the permissible scope of its activities;
 - the exercise of its power to borrow to finance a deficit in its fund;
 - the investment of surplus funds in government securities;
 - the accumulated rights and benefits of present employees; and
 - the manner in which its power to set premium rates and vary designated features of the benefit structure should be exercised.
-

Unemployment Insurance, as a social insurance program, is essentially a pooling of the risk of the financial loss arising from unemployment, and is appropriately financed from contributions made by those sharing in this risk. As an insurance against the loss of wage income, it provides benefits as a right only to those who are insured. It therefore follows that the cost of benefits to individuals and the related administration costs should not be borne by the public purse, but entirely by those who are eligible to receive benefits.

Recommendation

- 45** The reformed Unemployment Insurance program should be financed entirely by premiums. Human resource development programs, earnings supplementation and other labour market programs should be delivered separately from the Unemployment Insurance program and should be financed from general government revenue.
-

The mode of allocating premiums between employers and employees reminds both parties that the system of insurance, though essential, has a cost and that each party has a share in it. An equal allocation would underline the equal importance of employers and employees in determining administrative policies.

Recommendation

46.1 Unemployment Insurance should gradually move toward allocating premiums to employers and employees on a 50:50 basis.

A federal transactions or value-added tax has implications for the collection of premiums because the premiums of employers could be assessed on the basis of total value added rather than total insurable payroll.

Recommendation

46.2 The calculation of the employer's share of Unemployment Insurance premiums should be reviewed if a value-added tax is introduced.

In setting premium rates, sudden increases in premiums in times of increasing unemployment and higher rates during the initial years of recovery have a destabilizing impact upon demand. The current practice is to set the rate on the basis of a three-year moving average. But economic cycles are irregular and formulas prescribed by legislation are seldom in tune with reality.

Recommendation

47 The proposed Unemployment Insurance Commission should be given the power to alter benefit or premium levels within given parameters defined in the new Act.

Separating the Unemployment Insurance Commission from the current Department of Employment and Immigration raises the question of where employment services should be placed. There is agreement that services to the unemployed should be provided from one office. That office should provide information regarding claims and should offer assessment and counselling services. It appears reasonable to integrate the job listing and referral system with these services. These services should be available to all of the unemployed, and should not be confined to those in receipt of benefits.

Recommendation

48 The new Unemployment Insurance Commission should continue to assume responsibility for employment services (including job placement, assessment and counselling services) for all of those who are unemployed, including those who are not receiving Unemployment Insurance benefits. An evaluation of the placement services should be undertaken and this function should either be revitalized and refocussed or cancelled.

Government reorganization is disruptive to clients and to the staff. While the separation of the Commission and the Department is an essential and fundamental change, the subsequent dislocation and potential problems of communication or duplication of services should be minimized.

Recommendation

- 49** Staff of the new Unemployment Insurance Commission and the federal department delivering other human resource development programs should be co-located in the existing network of Canada Employment Centres.
-

The Commission is a massive organization with some 28,000 employees. The size and level of the staff at both national and regional headquarters are out of proportion to the nature and value of the services that they perform. It would appear that a significant reduction in the number of staff could be achieved.

Recommendation

- 50** A significant reduction should be made in the number of staff at national and regional headquarters.
-

The Record of Employment supplied by the employer is the source of information required to determine the appropriate rate and period of benefits for a claimant. Errors in that form are the main cause of over- and underpayments of benefits, and of delays in processing claims.

Recommendation

- 51** The Unemployment Insurance Commission should investigate the use of a simplified wage request or wage record system to replace the current Record of Employment system.
-

Currently, an automated, comprehensive tracking system monitors the magnitude and causes of incorrect payments. It is designed more to determine the probability of fraud than to identify individual cases. Performance measurement is based on number of cases, not on dollar values or significance of cases. There is limited access to information on clients that is in the possession of other departments and agencies of government.

Recommendations

- 52** Benefit control systems should be established which cross-check data on claimants with data in other relevant government files. The Unemployment Insurance Act should be amended to permit overpayments to be recovered through offsets against other amounts owing to claimants from the government (e.g., income tax refunds).
- 53** The investigative effort of the Unemployment Insurance Commission should be focussed and improved, and cases of organized fraud should be given more attention. Performance measurement in this area should be based on dollar values in addition to the number of cases.
-

Conclusion

The changes to the Unemployment Insurance program, and the recommendations for an earnings supplement and other economic and human resource development programs in this report, are radical and will be controversial. It will take courage to adopt them and will take time before they can be fully implemented. The Commissioners are acutely aware of how disruptive changes may be both to individuals and to regions. Time must be permitted for full assessment of the consequences, for monitoring new developments, and for introducing modifications as circumstances change.

But there are other reasons why time is needed. Some of the major recommendations are closely interrelated. The proposed phasing-out of regionally extended benefits and of fishing benefits is dependent upon the introduction of an Earnings Supplementation Program. These proposals and the other initiatives in the human resource development strategy require consultation with provincial governments and federal-provincial agreements.

The proposed new autonomous Commission and the reorganization of the current Canada Employment and Immigration Commission will also take time, not only to implement the proposed changes but also to allow those affected to adjust to the changes. For these reasons it is urged that a transition period of four or five years be allowed in order to phase in proposals where time for adjustment is deemed to be necessary.

Commissioner Roy F. Bennett

Annualization

The Annualization concept should not be adopted unless appropriate income supplementation programs have been developed and agreed to by all provinces. In the meantime the existing Unemployment Insurance program should be continued with some modification whereby regionally extended benefits are progressively phased out and replaced with expanded training programs, long-term job creation initiatives and other programs which facilitate and encourage labour force participation.

Part-Time Workers

Recognizing that a high percentage of part-time workers are students, retirees and workers who have other full-time employment, coverage should not be extended to those working less than 15 hours a week until further analysis indicates that the majority of those affected desire this protection

Cumulative Employment Account

Recognizing the complexity and administrative implications of the proposed Cumulative Employment Account, it would appear preferable to base entitlement strictly on age (subject to a minimum qualifying period in the labour force) provided such an approach is acceptable under the Canadian Charter of Rights and Freedoms.

Pensions

The proposed change in the treatment of pensions, as with all changes which have significant implications, should become effective one year after the relevant regulations are published.

Labour Disputes

A worker should no longer be considered involved in a labour dispute after: (a) a collective agreement has been signed; and (b) the unit or department in which the worker was employed at the time the strike commenced either resumes work or ceases to exist.

In the case of a worker who is not directly involved in a strike but who is laid off as a result thereof, Unemployment Insurance benefits should be paid provided that: (a) the claimant is not employed by the same employer as those who are on strike; or (b) the claimant does not contribute to the same strike fund.

In a situation where a worker is disentitled because of a labour dispute, then takes another job and is laid off, that worker should be eligible for Unemployment Insurance on the basis of the second job *only in those instances where* either: (a) the strike is over at the time of layoff from the second job, or (b) the striking worker has held the second job for at least 10 weeks.

Commissioner Guylaine Saucier

The rule that for Unemployment Insurance purposes a labour dispute is considered over when 85 percent of employees have returned to work should be retained. In the case of a worker who is not directly involved in a strike but who is laid off as a result thereof, Unemployment Insurance benefits should be paid provided that: (a) the claimant is not employed by the same employer as those who are on strike; or (b) the claimant does not contribute to the same strike fund.

Commissioners F.J. Soboda and J.J. Munro

It is our firm belief that the program is basically sound and needs only to be improved and strengthened to allow it to serve its purpose in a less complicated and more equitable fashion. Our points of departure from the other Commission members are fundamental:

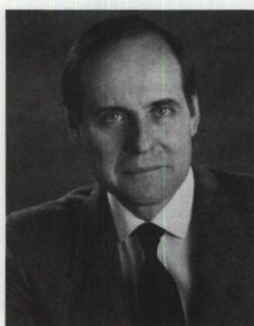
- We do not believe that cuts in the program are warranted.
- We cannot support massive cuts in benefits for those workers who are most in need of the economic security that UI provides – those who are unable to maintain full-year employment.
- We believe that the proposal to eliminate regionally extended benefits is an economic disaster in the making for Canada's weakest local economies.
- We believe it is a serious mistake to sever the link between UI funding and benefits and the rate of unemployment.

The UI program has already sustained a series of cutbacks and restrictions over the past decade. The cutters and retrenchers have had their day. It is time now to refocus the program on its basic purposes and on the needs of the people it is supposed to serve.

It is recommended:

- that the link between the duration of benefits and the local unemployment rates be maintained (regionally extended benefits);
 - that the minimum entrance requirement of 10 weeks be extended to all classes of claimants, including those for sickness, maternity, and parental benefits;
 - that the maximum benefit period be increased from 50 to 71 weeks;
 - that the two-week waiting period remain for regular benefits, be reduced to one week for sickness benefits, and be eliminated entirely for maternity and parental benefits;
 - that payments of benefits be guaranteed within one week of application;
 - that the level of insurable earnings be established yearly at 125 percent of the eight-year moving average earnings;
 - that the benefit rate be increased to 66⅔ percent;
 - that all pension income, severance and vacation pay be excluded from the definition of earnings for UI purposes;
 - that the present exclusion from coverage of persons over age 65 be eliminated;
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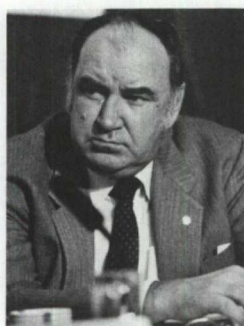
- that the maternity benefit period be 17 weeks, that the 2-week waiting period be eliminated, and that parental and adoption periods be 24 weeks;
 - that part-time workers be eligible for UI if they have a minimum of six hours a week of regular employment;
 - that the denial of benefits to workers involved in a strike be confined to workers actively on strike, and not extended to others who refuse to cross their picket lines;
 - that employees who are locked out by an employer be eligible for benefits;
 - that the UI regulations, procedures and administration be simplified to enable claimants to file applications and obtain their rightful benefits more easily and quickly; and
 - that if the above recommendations are adopted, tripartite financing, with equalization of premiums between employers and employees, be maintained.
-



**Claude Forget
Chairman**

Claude Forget is an economic consultant, partner in the firm SECOR in Montréal and vice-president of the C.D. Howe Institute. Mr. Forget has been a

professor of economics at McGill University, l'Université de Montréal and l'Université du Québec à Montréal. He has been Assistant Deputy Minister, Member of the National Assembly and Minister of Social Affairs in the Quebec government.



**Jack Munro
Commissioner**

Jack Munro is president of the International Woodworkers of America Regional Council N° 1, a position he has held since 1973. He is an associate

officer of the IWA International Executive Board and a general vice-president of the Canadian Labour Congress.



**Roy F. Bennett
Commissioner**

Roy F. Bennett is president of his own management consulting and investment firm, Bennecon Ltd. He formed the company after retiring from the Ford

Motor Company of Canada Ltd. where he was president and Chief Executive Officer from 1971 to 1981.



**Guylaine Saucier
Commissioner**

Guylaine Saucier has been president of Le Groupe Saucier, one of the largest forestry products firms in Quebec, since 1975. Ms. Saucier is a chartered

accountant and serves on the boards of several parapublic and private organizations.



**M. O. Morgan
Commissioner**

M. O. Morgan is a distinguished Canadian scholar in the social sciences field. He has taught at King's College School, Dalhousie University and Memorial

University, where he was president from 1973 to 1981.



**Frances J. Soboda
Commissioner**

Frances J. Soboda is a vice-president of the Canadian Labour Congress, vice-president of the Nova Scotia Federation of Labour and president, of the United

Steelworkers of America, Local 4253. She is also co-chairperson of the NSFL's Human Rights Committee.

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