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

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EVIDENCE

**Tuesday, October 20, 2009**

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**Chair**

Mr. Dean Allison



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

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• (1540)

[English]

**The Chair (Mr. Dean Allison (Niagara West—Glanbrook, CPC)):** I call the meeting to order, pursuant to the order of reference of Tuesday, September 29, 2009, Bill C-50, an act to amend the Employment Insurance Act and to increase benefits.

We are going to get started. It's televised today.

I have just a couple of housekeeping notes for those of you who haven't been before a committee before. When we identify you, the microphone will turn on. We're going to start over on my left-hand side, and we're going to move all the way around to my right. You have seven minutes each. I'll just sort of wave at you when you're getting close to your seven minutes so we can get to some questions and answers. We're going to have a first round of seven minutes each by all parties, and then we're going to go into a second round of five minutes, which will be back and forth among all parties.

I'll recognize you in a second, Mr. Lessard.

There is some additional committee business that we need to deal with. My suggestion is I'm going to set some time aside to deal with that so we could talk about another meeting.

I'm going to turn the floor over to you, Mr. Lessard. I have a feeling you probably want to talk about another meeting. Go ahead, sir.

[Translation]

**Mr. Yves Lessard (Chambly—Borduas, BQ):** That is correct, Mr. Chair. Given that we have a vote at the end of this session and that we know how pressed for time we are, especially since we have six groups to hear from today, I think we should let them have the whole two-hour period.

We have agreed to add a session so that we can hear from important witnesses that we have not yet had the opportunity to invite, specifically, the CWA of Canada, the Québec Forest Industry Council, and the Confédération des syndicats nationaux.

Our suggestion—and we could make the decision right now—is to agree to hear those witnesses at this Thursday's meeting and to do the clause-by-clause study of the bill next Tuesday so that we complete our work on it and make our recommendation to the House.

[English]

**The Chair:** What I'm going to suggest is I'm going to set 15 minutes aside at the end to discuss that very issue. I know there have been some conversations. Are we okay with this?

**Mr. Ed Komarnicki (Souris—Moose Mountain, CPC):** Mr. Chair, we had just a quick discussion among us and the idea was that there would be one additional meeting of witnesses on Thursday and a clause-by-clause on Tuesday, with the understanding there would be no further delay so the bill can get to the House expeditiously.

**The Chair:** Do I have consent?

**Some hon. members:** Agreed.

**The Chair:** You guys work well together. That's perfect. Thank you very much.

Mr. Martin did want to talk about future business. I'm going to suggest that we set a subcommittee meeting for tomorrow, Wednesday, Madame Folco, if that's okay, to talk about future business. I was thinking the same time tomorrow afternoon, 3:30. I'll put that out there. Let's talk about it the last five minutes of the meeting today. I don't want to cut into any more time.

I'm going to start with Pierre Céré. You have seven minutes, sir. We'll give you the floor to start, and then we'll continue around the room. Thank you for being here today, and the floor is yours, sir.

[Translation]

**Mr. Pierre Céré (Spokeperson, Conseil national des chômeurs et chômeuses):** Thank you, Mr. Chair. I thought I had 10 minutes. That is what they told us in the documents, but fine.

First of all, on behalf of our organization, the Conseil national des chômeurs et chômeuses, I would like to thank you and the members of the Standing Committee on Human Resources for this invitation to discuss Bill C-50, which would extend the duration of employment insurance benefits.

But, regrettably, we must disagree with this bill, strongly disagree.

First, we disagree with the approach. The government has in fact chosen to use legislation to play a political trick on the opposition when, on September 14, it could have simply announced a pilot project. The government obviously opted for a game of political chess, using the victims of the recession as pawns.

We oppose this bill because it creates two categories of unemployed persons: the good ones who have hardly drawn any benefits in recent years and the bad ones who have drawn on employment insurance in the last five years.

We disagree with and are very skeptical of the department's figures: \$1 billion and 190,000 unemployed persons to be helped by the bill.

And finally, Mr. Chair, we disagree because this bill further complicates an already complicated piece of legislation by creating all kinds of exceptions and applications.

For 20 years or so, successive governments in Ottawa have worked to make employment insurance a many-headed beast, a complex act with multiple exceptions and special measures. With Bill C-50, the current government is adding further complications. It is replacing subsection 12(2) of the act, which is about six or eight lines long, with over three pages of all kinds of exceptions. So subsection 12(2) becomes 12(2.1), 12(2.2), 12(2.3) and 12(2.4), creating a distinction as to when employment insurance benefits are claimed—four different periods—and setting out up to six possible types of extensions depending on the number of years of premiums paid. The 20-week extension would be granted only to those who applied before June 5, 2010, and who paid, and I quote from the bill, “at least 30% of the maximum annual employee's premium in at least 12 of the 15 years before the beginning of the claimant's benefit period.” All other claimants, Mr. Chair, would receive less, often only five weeks. Most importantly, workers who have received more than 35 weeks of benefits in the last five years would be excluded. That, of course, means all workers in unstable situations, all seasonal, part-time and casual workers, all workers affected by economic slowdowns and those laid off, even for short periods, in recent years. Therefore, whole areas of our economy are excluded: the lumber industry, the construction industry and a large part of the manufacturing industry, to name only a few. The measure also excludes all workers with less labour market seniority.

As a result, some unemployed persons will receive a few additional weeks of benefits while others will not be entitled to receive them, even if they are from the same workplace, the same factory, and live in the same town, if not the same neighbourhood.

It is all too clear to us as well that the department's figures do not stand up, if only because the \$1 billion announced is necessarily based on a calculation of the average benefits, of \$348 per week, for 190,000 unemployed persons. That simple calculation, taking \$1 billion and dividing it by 190,000, translates to an average extension of 15 weeks. Let me ask the following question, Mr. Chair: is the bill designed to grant that average extension? Of course not. And if there truly was the political will to grant a 15-week extension, why did the government not proceed accordingly, with a simple, clear and direct bill that is much less complicated than the one before us now?

Similarly, will there really be 190,000 long-term unemployed persons who can benefit from this measure? We seriously doubt it, Mr. Chair, based on two facts: first, just 27.9% of employment insurance recipients exhaust their benefits.

I still have two minutes, right?

•(1545)

Second, the bill excludes all those who have drawn benefits for more than 35 weeks in the last five years. That excludes a whole bunch of people. We think it is wrong to claim that Bill C-50 will provide \$1 billion to 190,000 persons. We believe that older workers deserve more than these few weeks of additional discriminatory benefits and that they deserve a real assistance program for older workers, such as POWA.

In our opinion, the problems with the employment insurance system have not been addressed at all, including the pressing problem of eligibility. At the end of July this past summer, the 10 premiers of the 10 provinces called on the Prime Minister to resolve this problem. Most Quebec municipalities signed a declaration demanding that the eligibility question be solved at the federal level. The Federation of Canadian Municipalities, as well as many economists and observers, associations and unions, even the church, have all called on the government to resolve the eligibility problem.

In the present case, it is not up to us to vote on this bill, to defeat it or to pass it. However, we respectfully maintain that, in its current form, Bill C-50 is unacceptable. It is discriminatory. It does not represent the type of constructive and structural solutions that are expected to repair the employment insurance program. We believe, perhaps naïvely, that policy must provide solutions to problems and our highest legislative officials must be able to work together.

Can the Standing Committee on Human Resources make use of its voice and legislative powers to raise the issues pertaining to employment insurance and put them forth to the Canadian Parliament and before the Canadian people? We believe so. That is why we are here today, and that is our continued hope.

Thank you, Mr. Chair.

[*English*]

**The Chair:** Thank you, Mr. Céré.

We're now going to move to Mr. Laliberté. Sir, you have seven minutes.

[*Translation*]

**Mr. Pierre Laliberté (Political Advisor, Manufacturing Sector, Fédération des travailleurs et travailleuses du Québec):** Good afternoon and thank you.

It is my pleasure to testify today on behalf of the FTQ. For those who are unaware, the FTQ represents 500,000 workers in Quebec, of whom two thirds come from the private sector. In Quebec, the private sector has been in recession since 2003. The official recession began in 2008, but we have been experiencing its effects for several years. As you will see, that has repercussions on us and on our opinion of Bill C-50.

As to the content of the bill, two main impressions arise. I echo the remarks of my colleague, Mr. Pierre Céré. Two things strike us: first, the inadequacy of the measures proposed to solve the problems we are facing, and second, the arbitrary, even discriminatory and certainly bureaucratic nature of what is proposed. Allow me to give you more details.

For several years, we have stressed the fact that the employment insurance program is no longer fulfilling its role as a safety net. In the 1990s, there were reforms that amounted to overkill, if I may use the expression. They went too far. That left, and continues to leave, whole sectors of our workforce, men and women alike, without life jackets.

The most vulnerable on the labour market, in fact, are precisely those without life jackets. As the recession began, our employment insurance system was one of the least generous in the OECD. As the recession loomed, we even said that we were in favour of temporary, but generous, measures intended to curb it. What we have are temporary, but not at all convincing, measures that are going to leave a lot of people in difficulty.

I will not use the word “scandal”, but, to be polite, let us just say that it seems to us like an anomaly. Extending the period of employment in insurance benefits is the macroeconomic measure that will have the most impact. No other measure comes close. Every economist studying multiplier effects will tell you that. So we thought we had a right to expect a program with some muscle. We are still waiting.

The OECD has given us its most recent forecasts. As in every recession, the unemployment rate is expected to remain quite high for one, two, perhaps even three years after the recession is officially over—as happened through the 1990s. For us, this is a source of concern.

In our view, any reform should have had, and still should have, a single eligibility level of 360 hours. We know what impact that would have; it has been measured. You have heard the testimony. It would cost about \$1.2 billion for 165,000 unemployed. In the circumstances, we think that this is what should be done.

Now let us talk about these measures. I will not go into detail because I feel that Mr. Céré has described our problem well. One of the provisions that causes us a great deal of difficulty is the one that will put people into either the deserving or the undeserving camp. Being laid off is not some sin that requires penance. It is the result of an economic condition. In our view, the government is on the wrong track and is going to cause a lot of frustration as a result. Be warned: people who feel that they have a right to benefits and do not get them are going to be telephoning you. We guarantee it. I work in the union movement and I can tell you that when our members expect something that they do not get, they let us know about it. I am telling you to look out.

For several years, manufacturing job losses in Quebec have been substantial. The figure 125,000 is mentioned, not counting temporary layoffs. Naturally, the temporary layoffs affect eligibility for the program that you are now cooking up. That worries us. We would like better figures. Everyone would. But we do not have them.

We are puzzled, especially when we hear the figure of potentially 190,000 people receiving benefits.

• (1550)

We also have other questions. We were always told that it would be difficult to get Revenue Canada and Human Resources and Skills Development Canada together but now it seems to have become doable. That system already poses administration problems and you are going to increase them tenfold. You must not underestimate what this could mean.

There are other problems. If you really resort to legislative means and if this process is of some use, we would like you to consider our proposals as amendments and to duly process them. If that is not the case, we wonder why you did not choose to use pilot projects which would be much less awkward and would allow you to help people tomorrow morning.

I will conclude with that. If you have questions, I would be happy to answer them. Thank you.

[English]

**The Chair:** Thank you, Mr. Laliberté.

We're now going to move to Mr. Reid and Mr. Rocheleau.

[Translation]

**Mr. Jean-Claude Rocheleau (Rank and File Board Member, Communications, Energy and Paperworkers Union of Canada):** Good afternoon, Mr. Chairman and members of the committee.

My name is Jean-Claude Rocheleau and I am President of Union Local 121 of the Communications, Energy and Paperworkers Union of Canada at the Shell refinery in Montreal. For reasons of transparency, I also wish to mention that I am currently the New Democrat candidate in the Hochelaga by-election. I am accompanied by Brent Reid, Vice-President of Local 630 of the Communications, Energy and Paperworkers Union at the Catalyst Paper pulp and paper mill in Campbell River, British Columbia. I would like to thank the committee for inviting us.

First let me state that our organization supports Bill C-50 as a measure that will provide help to tens of thousands of Canadians who have been hit with full force by the current economic crisis. To give you a sense of this urgency, the current terms of the bill would likely exclude 1,100 workers at the AbitibiBowater mill in Grand Falls-Windsor, if not implemented by the end of November.

We have been informed that an amendment will be presented to maintain a January 4 starting date and we encourage you to adopt it. Despite our support for adopting this bill as quickly as possible, let us be clear and state that Bill C-50 must not be confused with the real reform that employment insurance needs at this point. It is merely a stop gap that is simply better than the status quo.

There are three points that should be mentioned in connection with this bill. About 190,000 workers will be eligible and will qualify for extended EI benefits in the next two years. This extension which varies from 5 to 20 weeks of benefits will allow workers to extend their benefit period. That is the only reason why CEP is supporting this bill. Some workers will be helped more than others, but it is still better than the status quo and it is a step in the right direction toward necessary change.

As a negotiator, in my everyday life, I believe in the step-by-step approach. I believe in taking what is on the table and continuing to work in order to improve the system. Moreover, the workers I represent at the Montreal refinery may, in the near future, be affected by the closing of the refinery, because the government is allowing the oil to go south to the United States, which is causing our refineries to close and could lead to the layoff of a lot of our members. This situation is also affecting several employees in the Montreal region who are currently laid off because of the economic context. This measure will thus come to the assistance of certain workers who need this help and need to hope that other changes will occur.

I will now yield the floor to my brother.

•(1555)

[English]

**Mr. Brent Reid (Rank and File Board Member, Communications, Energy and Paperworkers Union of Canada):** So then there is a bad side, concerns around the many workers that this bill misses—for one, 500 Canwest workers laid off in November, and the others before them.

Bill C-50 in its current form.... There are some situations that arise. At Catalyst Paper in Campbell River, there's a three-phase closure: the sawmill in the spring, the pulp mill in November, and the paper mill probably this February. These people all work together. This bill will cover fewer than half of them. That's a concern for the people I represent and the community I live in.

The other concern is that the people who are best protected, with the most severance, with those kinds of contractual obligations behind them, will get the most benefit. The people with the least amount have the least protection; they'll run out of time and won't be able to push past. If you're shut down in November and you don't have enough severance to take you through until January 4, you'll be excluded. All of the people in the sawmill in the spring will be excluded.

The conditions set out to claim the extended benefit are way too numerous, again pushing employees that are at the most risk of production curtailments outside the scope.

Thank you.

•(1600)

[Translation]

**Mr. Jean-Claude Rocheleau:** There is also an ugly side to this bill. This is obviously not a reform and any attempt to portray it as such should be strongly rebutted. A real reform would have included the 1.4 million unemployed workers who have been left by the wayside. We seem to have lost sight of the fact that employment

insurance is insurance. That is why it was created to protect workers who need it when they lose their jobs.

Over the years, the system has been tinkered with to make it more difficult to access, especially by seasonal workers and by people dismissed with cause or who decided to leave. The main rationale was that in times of lower unemployment, there are many jobs for the taking and EI benefits are not warranted in these cases. But that is not the case currently in a period of very high unemployment. Workers who have to move do not have the opportunity to do so during the periods when there are more jobs. And so they really need help. We have to extend the benefit period to allow people to get through the crisis, get back on their feet and hope to be able to find another job in the relatively near future.

What Bill C-50 does is give some hope to one in nine workers currently drawing EI benefits and buy them some time to get back on their feet or to see their plant, their mill or their companies restart their activities.

That is why we, along with the CEP, support Bill C-50 and ask that it be adopted as quickly as possible. We certainly hope that this will be a mere first step towards the real reform that the EI system badly needs so as to be able to help the millions of workers who really need this.

Thank you.

[English]

**The Chair:** Thank you, Mr. Rocheleau, and thank you, Mr. Reid.

We're now going to move to Mr. Kelly and Ms. Pohlmann. The floor is yours for seven minutes, please.

**Ms. Corinne Pohlmann (Vice-President, National Affairs, Canadian Federation of Independent Business):** Thank you, and thank you for the opportunity to present the perspective of small business on EI and Bill C-50.

First, I'll tell you a little bit about CFIB. We represent more than 105,000 independently owned and operated businesses across Canada, all of which are small and medium-sized companies. They collectively employ 1.25 million Canadians, and they account for \$75 billion in GDP. Our members come from every region of the country, and every sector of the economy.

Most people do not realize how big small business has become in Canada. In this country, 98% of all businesses have fewer than 50 employees. They employ about 55% of Canadians and represent 45% of Canada's GDP. They have also been responsible for the bulk of net new jobs in our economy, and this is especially true during more difficult economic periods.

Speaking of more difficult economic periods, the last year has not been easy for many, and small businesses are no exception. CFIB produces a monthly business barometer that tracks our members' business expectations along with a number of other economic factors. Our most recent index, which was released on October 7, shows that our SMEs' outlook dipped quite dramatically during the latter part of last year and earlier this year, but it has been picking up since April. This upward trend has continued into September, leading us to suggest that the economy is making its first tentative steps towards recovery.

The good news is that the level of optimism is up right across the country. For the first time in many years, it's our members in Ontario who are leading the country on this measure. The manufacturing sector is also one of the most optimistic sectors, leading us to believe that those manufacturers that have been able to adjust and survive the downturn of the last few years are starting to come out the other end with renewed hope and optimism.

While optimism is growing, however, hiring plans remain on hold: 16% plan to increase full-time employment, and 13% plan to decrease it. These results are not unusual during times of economic recovery, as employment plans tend to lag behind economic growth. As employment growth is essential to the recovery of the real economy, we must be very cautious of decisions that may end up deterring job creation. We are concerned that some of the decisions being made with respect to EI may end up doing just that.

I'd like to give you a quick glimpse of a report on small business perspectives on EI. You have a copy of that report; it's called "Ensuring Prosperity". It goes into quite a bit of detail about a variety of issues related to EI. I'm just going to focus on a couple that are relevant to this discussion.

First, CFIB research found that the smaller the firm the less likely it is to lay people off. So while small business employers may not yet be starting to hire in great numbers coming out of a recession, they are more likely to have held onto their people longer. This is the reason that throughout this recession we've not seen a large increase in the percentage of small firms planning to decrease employment. Other research has shown that employment at larger companies has dropped by 10% in the first half of this year but was virtually unchanged among smaller firms. In fact, we know of employers who have forgone their own income to ensure that their employees continue to get paid during these more difficult economic times. What small business provides to employees is stability and personal relationships, which is often not the case at larger firms.

Secondly, it was clear from the survey results that small business owners support the fundamental principle of EI—to provide short-term financial assistance to workers between jobs. For the most part, they were relatively satisfied with the regular benefit side of the program. For example, when asked how the system could be modified to meet the needs of their business, the largest group would rather see no changes to the current benefit levels or current qualifying periods. In fact, the majority want no change or less generous benefit levels or qualifying periods. Instead of making changes to the benefit side of the system, CFIB strongly believes that the most effective way to assist long-tenured workers is to help them get trained and back to work as soon as possible.

Another report we did last May, which was entitled "Canada's Training Ground: SMEs' \$18-Billion Investment in the Nation's Work Force", found that when you calculate the costs associated with formal and informal training, smaller companies actually invest more in training per employee than larger companies. Moreover, organizations such as the OECD have found that the most effective means of helping people get back to work is to provide on-the-job training incentives. We believe that providing an EI training credit to small employers would be a much better investment of EI training dollars and would likely help to create job and training opportunities for many long-tenured workers.

Our biggest concern with this bill, and with the EI system overall, is the additional costs that are being added to the EI program, which will result in sky-rocketing EI premium rates just as we're coming out of recession.

● (1605)

First, small businesses themselves have identified payroll taxes as having the biggest effect on the growth of their businesses. When you increase the cost of payroll taxes, such as EI, you discourage hiring, and fewer jobs are created.

What kinds of increases are we talking about? The current EI rate freeze, which is in effect until the end of 2010, has been a very welcome policy, as it has allowed many business owners to hold on to their people. Most analysts, CFIB included, do not expect the unemployment rate to fall to 6.5% by 2011, which is the rate at which the EI premium rate freeze was set. So the rate will have to go up in 2011 to compensate for whatever the difference in unemployment rates will be at that time.

However, it has become clear that the government also plans to charge back the two-year EI rate freeze to the EI account, which would require the new Canada Employment Insurance Financing Board, the CEIFB, to pay the government back an additional \$10 billion to \$13 billion, with interest. The only way it can do that is by increasing EI premiums. As they are limited to an annual increase of 15¢ for employees and 21¢ for employers, we foresee maximum premium rate increases for both employers and employees for many years to come. By passing Bill C-50, yet another \$935 million will be added to the total amount the CEIFB will be expected to pay back through premium increases for several years to come.

Turning to the next slide, you'll see what this might mean for an employer or an employee. Taking the most pessimistic scenario, which is also the most likely scenario, given what we currently know, we expect that between 2011 and 2015, EI premiums will increase by 65%. This will ultimately discourage job creation at the worst time, as the economy will be just starting to emerge from its employment slump. Ironically, the \$935 million to help long-tenured workers get additional benefits may end up contributing to making their job prospects worse as employers watch the costs of hiring go up and the take-home pay of their employees go down.

What makes this whole scenario even more frustrating is that there was a \$57 billion surplus accumulated in the EI account from 1994-2008, as shown on the next slide. We would have no objection to government requiring the CEIFB to pay for the additional EI costs as a result of the current recession if they would repay the \$57 billion surplus first. Instead, the new CEIFB was provided \$2 billion as an initial reserve, which, given the scenario I have just described, will be easily wiped out in the first year. We strongly believe that the federal government has a moral obligation to pay back the surplus accumulated from employers and employees by absorbing additional costs and by maintaining a premium rate freeze until the \$57 billion has been paid back.

In conclusion, we believe that no real discussion about Bill C-50 can take place without your understanding and dealing with the much broader fiscal issues related to EI. We suggest that the EI premium rate freeze be maintained beyond 2010 to ensure that future job creation is not harmed by payroll tax increases. We also suggest that the CEIFB be properly funded to withstand recessions and additional costs by having the \$57 billion surplus repaid over time.

With its target of assisting long-tenured workers, Bill C-50 is more acceptable than other measures that have been suggested to enhance EI benefits. However, we remain very concerned that these kinds of selective measures are unlikely to result in the successful restructuring of the program. They will likely just harm the overall financial balance of the system.

Finally, we encourage the government to think about creating an EI training credit that encourages hiring and workplace training as an alternative means of assisting long-tenured workers and others on EI so that they can get effective training and have better access to the new jobs that are being created.

Thank you.

• (1610)

**The Chair:** Thank you, Ms. Pohlmann and Mr. Kelly.

We're going to move over to Mr. Casey now. You have seven minutes, sir.

**Mr. Andrew Casey (Vice-President, Public Relations and International Trade, Forest Products Association of Canada):** Thank you, Mr. Chairman.

Thank you, committee, for this invitation today to appear before your committee to contribute to your discussions on Bill C-50.

By way of brief introduction, I am here on behalf of the members of the Forest Products Association of Canada. We're the national

trade association that represents the majority of production of Canada's forest products, including lumber, pulp, and paper.

The industry, more broadly, represents about 11% of Canada's manufacturing GDP. We employ 273,000 workers directly across this country and another 500,000 or so indirectly. That comes to about 700,000 people.

We are the mainstay of about 300 communities from coast to coast, in every region of this country.

[*Translation*]

I am certain that the members of the committee know that the Canadian forest industry is currently undergoing a major crisis. I am sure that the members have had the opportunity to note that when we talk about job losses, we are not only talking about people who lose their jobs, but also about the destruction of communities. The topic of interest to us is not only the loss of jobs but the social integrity of rural Canada.

[*English*]

Even though the devastation, heartbreak, and social disintegration we're experiencing is cause for deep concern—and I think yesterday's debate in the House of Commons serves as a good example of the level of passion on all sides of the House about this issue—I would like to at least put on record today that we foresee strong markets coming back for the industry in the not-so-distant future.

We have traditional markets that are going to come back and also new and emerging markets for the industry, and we're prepared to take advantage of those markets when they do come back into play. Until that time, we obviously have a number of challenges ahead of us. First, we have to survive until those markets come back. Secondly, we have to be as competitive as possible, so that when the markets do come back, we are going to be able to compete. When those markets come back, we're going to be looking at competition that's fiercer and stronger than it ever was before.

The good news is that Canadian industry hasn't been alone in being hit by this recession. Our competitors have been hit too. Whether it's Brazil, Russia, or Europe, each and every one of them has been facing their own set of challenges that has put them at the same playing level as Canadian industry is at right now.

[*Translation*]

I am certain that you are wondering what the government can do. We know what we in the industry must do and we do it. But what can the government do?



[English]

We know what we have to do as an industry and we're doing it, but what can government do? One thing is for certain: government cannot bring markets back up to the levels where they need to be for us. That's the first thing that has to happen for this industry: People have to start buying lumber and people have to start buying paper again. The government cannot do that for the industry. That's the biggest thing that's facing the industry right now. As I said earlier, those markets will come back.

However, there is a fundamental role that government can play right now—that is, establishing the policy conditions here domestically that will enhance our competitiveness, not only now but also when those markets come back. There are certainly a number of things at the government's disposal, such as tax policy, providing for a competitive rail system, and investing in the green energy and bioeconomy right now, that it should be pursuing immediately, and that will set us up, not only this industry but the country more broadly.

Our markets will rebound. We know that the U.S. is going to start building houses again. We know that the markets in China and India are going to come back. We're already the leading exporter into the Chinese market. We're the third-largest Canadian exporter into the Indian market. We're well positioned and we look forward to taking advantage of those marketplaces again, once they come back.

In the short term, there are certainly some key challenges. I think one of the main things we're certainly worried about right now, in this current economic recession, is the loss of employees. Forestry jobs are highly skilled jobs. We cannot simply replace those employees with anybody just off the street. Our big concern right now is that, in a time like this, people go and look for jobs elsewhere. The changes that are incorporated in Bill C-50 and other changes to the EI program that came out of the budget of 2009 go a long way towards helping the industry retain its employees. This particular bill is one measure, but also the work-sharing program changes that were brought in through the budget are enormously helpful.

With the committee's indulgence, I would like to draw the committee's attention to one tiny change, or at least an area of interest, that we hope the committee will find the opportunity to look into a bit further, going down the road, on the work-sharing side of things.

Prior to the work-sharing program announcements, a number of companies were already taking advantage of the program. Those members received the top-up to their existing agreement and immediately qualified for a new 52-week agreement at the conclusion of their existing agreements, without a cooling-off period. Other companies that were relatively healthy at the turn of 2008 and were not in the program started their clock when the program began. Their benefits will conclude at the end of their 52 weeks. They will be subject to a 26-week cooling-off period. Right now, we don't see the markets returning for another year or so. A lot of those companies are going to be facing a 26-week waiting period to get back into the work-sharing program. We'd like to see the government take a long, hard look at that to see if there's a way that we can eliminate the 26-week waiting period. Ultimately, we think

this will be of benefit to the government as it will be less costly at the end of the day.

Ultimately, as grateful as the industry is for these programs, like most insurance policies, we would prefer that our employees not have to avail themselves of the program. We would much rather keep the mills running and keep the employees gainfully employed in the towns in which they were raised or those communities that they have grown to be members of over time. Focusing on providing the industry with a competitive domestic policy framework should continue to be a strong objective for governments at all levels.

Again, on behalf of the Forest Products Association of Canada and our members, I thank the committee for its time and I look forward to answering any questions you may have.

● (1615)

**The Chair:** Thank you, Mr. Casey.

We're now going to go to Ms. Yalnizyan. The floor is yours for seven minutes.

**Ms. Armine Yalnizyan (Senior Economist, Canadian Centre for Policy Alternatives):** Thank you, Mr. Chair.

The Canadian Centre for Policy Alternatives is Canada's leading progressive think tank, supported by more than 10,000 individual and institutional members across the country, with offices in Ottawa, Vancouver, Winnipeg, Regina, and Halifax.

Thank you very much for inviting our views on Bill C-50.

No recession since the Second World War has destroyed as many jobs in the opening months of a downturn. The government was very quick to react with supports for the financial sector, but improvements to EI have been long overdue and woefully inadequate. This despite a clear action plan for EI reform tabled by this very committee on February 15, 2005, and later, in 2007, all-party agreement on two readings of Bill C-269, before the government of the day, this government, then decided to deny royal recommendation in November of 2007. So, long before the meltdown of global financial capital began last fall, we knew our system of unemployment insurance was not recession-ready.

Between October 2008 and last month, the labour market shed 483,000 full-time job opportunities. More than 1.5 million Canadians today are actively looking for paid work. More than half of them do not receive EI. That means three-quarters of a million Canadians are left twisting in the wind. Canadians have not been this exposed to the economic risks of joblessness since the 1940s, when we first put unemployment insurance into place.

Now, I'm not telling you anything new that you don't know. I'm not telling you anything radical. For years, your very own committee has noted the need to improve access to the system by reducing and making more uniform the eligibility criteria based on hours; to improve the duration of benefits, which were precipitously cut back in the reforms of the early 1990s; and to improve the rate of income replacement, which is particularly disastrous for low-income workers.

Bill C-50 was this government's response to these concerns. It limits itself solely to the issue of duration, and further limits the extension of benefits to a small subgroup of the unemployed. HRSDC gave testimony to the Senate Standing Committee on National Finance just a couple of weeks ago and stated that a third of those displaced since January 2009 could benefit from this legislation. That means two-thirds of those who have been displaced since January 2009 and who have exhausted their benefits—the majority of Canadians who are in that position—will not receive any help. Bill C-50 also ignores all of those who lost their jobs, who were the shock troops of the opening months of the recession.

So how many people are we talking about? Monthly unemployment figures by Statistics Canada showed that unemployment swelled by at least 200,000 people last fall and a further 300,000 people since January. Improvements to EI, need I say, are critical. Canada cannot have a full recovery if workers face rollbacks in wages, benefits, and pension provisions and the unemployed also cannot find new jobs at roughly comparable wages. Aggregate demand will just continue to fall.

The United States are 22 long months into recession, with no clear end in sight. We will have to wait an awfully long time to ride on their coattails. So diminishing purchasing power of Canadians is an issue this government, this committee, needs to deal with, because this is a very fragile recovery and this issue can no longer be ignored.

I will limit myself to comments about Bill C-50, though we understand that it only deals with one aspect of the improvements we are all seeking to the unemployment insurance system. Bill C-50 can be made more effective with three simple modifications that address three questions. When should the clock start ticking? Who should get help? How much help should they get?

First, the effective date for Bill C-50 should be changed to start at January 4, 2008, rather than January 4, 2009. Some may ask why reach so far back. It's simply because January 4, 2008, is exactly what the government's thinking was in Bill C-10, passed not very long ago, which included measures to extend benefits by five weeks for all those who had exhausted their benefits. Moving the trigger date to January 4, 2008, would extend the benefits provided in Bill C-50 to the same group as Bill C-10: everyone affected by the recession.

Second, Bill C-50 should drop the rule that excludes workers who may have been drawing up to 35 weeks of benefits in the last five years. As you have heard, it is nonsense to say that, in these types of economic times, some unemployed are more deserving of help than others.

• (1620)

The majority of people first affected by the downturn were in goods-producing industries. Such industries commonly retool, adjust inventory, experience slowdowns in demand or supply, which all can lead to temporary layoffs and shutdowns periodically. Workers in such industries have zero control over their hours of work. People who have been laid off on a regular basis in the previous five years may find themselves not being recalled at all. These people should not be excluded from what Bill C-50 offers. No such limitation was placed on Bill C-10.

Finally, how much help does Bill C-50 provide? Unlike Bill C-10, which provided an additional five weeks of benefits to all unemployed Canadians who had exhausted their benefits, Bill C-50 proposes this baroque set of eligibility criteria that are extraordinarily difficult to read through. Within the small group of unemployed who are the target of Bill C-50, the bill further creates six different categories of winners, where the amount of help they'll get is based on how much they have contributed to the system in the past 15 years, up to a maximum of 20 weeks for a select few.

Extension of benefits should be uniform, as in Bill C-10, and Bill C-50 should offer a significant extension for all who need it. Does 20 additional weeks sound overly generous to you? Well, let's compare this to what happened just two weeks ago in the United States. The Associated Press reported: "Congress has added up to 53 extra weeks of benefits on top of the 26 typically provided by the states." And the House this week approved legislation that would add a further 13 weeks for high-unemployment states.

Let's be very clear. Without significant extension of benefits, you can be sure that a huge proportion of the cost is going to fall on provincial shoulders. Last summer, British Columbia's Premier Campbell suggested extending benefits to two years, and Saskatchewan's Premier Wall also stressed the need for extended benefits. These are not socialist politicians, but these premiers know very well that they are going to end up picking up the tab for the federal government's unwillingness to act.

Without significant changes to Bill C-50 this government risks being a spectator to what may be the most significant period of asset-stripping of the middle class in generations, exactly what unemployment insurance was designed to prevent.

Recovery or not, Canadians are coping with unbelievable economic stress. Your predecessors from decades ago created a system that improved life for Canadians in good times and bad. I urge you to consider today how you can take on that mantle.

Thank you.

• (1625)

**The Chair:** Thank you, Ms. Yalnizyan.

We're going to start with our first round, which will be seven minutes.

I'm going to start with my Liberal colleague, Mr. Savage. The floor is yours, sir.

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

Thank you all for taking the time to come out and help us on our study on this bill. It's a difficult bill to deal with. This is a bill that divides Canadians, as a number of you have pointed out, into those who are deserving and hardworking and those who the government seems to think aren't. The minister refers to hardworking Canadians, deserving Canadians, which by implication means that others aren't.

It further complicates, as Monsieur Céré pointed out, the EI system, which isn't simple to begin with. There's nothing here for many long-tenured workers. There's nothing here for people who lost their jobs last fall. They're out of luck. There's nothing for seasonal workers, part-time workers, those who have frequent interruptions in their work. It does help, on the positive side, some long-tenured workers who need help, like everyone else does. But we have a range of opinion here, and I think it's consistent with the other hearings we've had. We have some people who are saying that this is a bad bill and has to be defeated. Others are saying that it's an imperfect bill, but that you have to take what you can get. It's hardly an endorsement. We have other witnesses here today who presented on EI without really putting forward a position on this specific bill.

That's what we are faced with. We're faced with looking at a bill that will help some people but that is discriminatory and seems to ignore the real needs for reform in the EI system. For a number of years we've had private members' bills and opposition day motions that address the EI issue. We all, on the opposition, supported an NDP opposition day motion on EI on March 5, which called for the elimination of the two-week waiting period, a national standard of 360 hours for eligibility, raising the benefits from 55% to 60%, using the best 12 weeks. It talked about training. It talked about the self-employed. It didn't talk about an extension of benefits. It wasn't one of the priorities in March to further extend the benefits. I think we had 11 recommendations from CFIB today, none of which refer to an extension of benefits.

So we have a bill that seems to have the support of those who say that it is better than nothing and they'll take it and keep going, but does anybody really think that we're going to get more from this government on EI? That's the difficult question we have to face.

My question is to any one of you, perhaps starting with Ms. Yalnizyan and working across. Is this the best way we can reform EI? Is this what the system needs more than anything else?

**Ms. Armine Yalnizyan:** I think the answer to that question, Mr. Savage, is if the government would be willing to work with you to improve this piece of legislation to actually help more people, because we are talking about hundreds of thousands of people. The other shoe of the recession may fall, but politically speaking it looks like this bill is going to pass, and the job is not done. The job is far from done.

**Mr. Andrew Casey:** I can't speak to the specifics of the bill from a technical standpoint, but certainly when you combine it with some of the other changes to the EI program, like the work-sharing program, those are going to be enormously helpful to our industry and our sector.

Anything that helps keep employees in the towns they are already working in or keeps them at least in the area so they don't move elsewhere is going to help us when we do rebound, as I said earlier on.

**Mr. Michael Savage:** So you think this is the single best improvement we can make to EI right now? This is the only thing we can control right now?

**Mr. Andrew Casey:** I don't know if it is the single biggest. I couldn't tell you what would be the single best improvement.

**Mr. Michael Savage:** I appreciate that.

Mr. Kelly.

**Mr. Dan Kelly (Senior Vice-President, Legislative Affairs, Canadian Federation of Independent Business):** No, I don't think this is the best way to reform employment insurance. In fact, as we outlined earlier, our concern is that the costs of this are going to make job creation and getting the economy back on track more difficult by adding additional costs to the system.

The changes that were made in the January budget I think were more preferable and were ones that were more favourable to small firms, such as the extension of benefits for all workers, the changes to the work-sharing program. These are some of the changes that we in fact liked more than the changes in this bill, particularly in that the government had agreed to pay for those out of general revenue, as opposed to calling back the fund to pay for it, as this bill will do.

**Mr. Brent Reid:** It's a tough question to ask, but I've learned in this last little while that when something is on the table you can't leave it. So we're urging you from our union's perspective to help the people that it does help, and then move on to help the people you need to help.

• (1630)

**Mr. Michael Savage:** I understand. But as I addressed before, we have to look at this bill right now in terms of whether we can support this. We're looking at this one single measure. Is this the best—I think you are suggesting in your brief that it wasn't, but I'll give you a chance to change that.

You don't have to look at.... I'm sorry.

[Translation]

**Mr. Jean-Claude Rocheleau:** I did not say that was the best way to help the workers. That is what had been presented. That is what is there to help the workers immediately. Just in case there are people who do not know, there are people who currently need help and they do not need help in six to eight months. They need help right now. So, currently, that is what is being proposed. It is far from sufficient. I also mentioned in the presentation that there will be other reforms brought in very quickly to improve the EI program. That has to get done.

Currently, that is what is being proposed. We will take what is on the table. A number of people will be helped but—and this is your job—something else will certainly have to be put on the table to improve the fate of people who are suffering right now, who are grappling with difficulties and wondering what they are going to do with their house, their family and how they are going to manage.

[English]

**Mr. Michael Savage:** Did you support the budget in January, which also provided not enough but some help and considerably more than is here? Would you have voted for the budget in January, which provided five extra weeks for everybody on EI as well as training?

[Translation]

**Mr. Jean-Claude Rocheleau:** I do not want to answer a trick question because I was not here when the budget was studied in detail. I do not want to go that route. I am here to talk about a bill. So I will not go into detail on the estimates.

[English]

**Mr. Michael Savage:** Thank you.

Mr. Laliberté.

[Translation]

**Mr. Pierre Laliberté:** In my opinion, this reform is not sufficient. I find it quite scandalous that we are put in the position where we have to say yes to a reform that is based on discriminatory principles, a reform that will not attain the objectives that should be set, that you should set as a government. And so, I rather disagree. I think that the whole exercise was mistaken right from the outset. Quite frankly, no.

[English]

**The Chair:** Thank you.

Thank you, Mr. Savage. We will come back to the Liberals in the second round.

Mr. Lessard, sir, the floor is yours, for seven minutes.

[Translation]

**Mr. Yves Lessard:** Thank you, Mr. Chairman.

I also want to thank our guests for being here today to give us their views. I first of all want to congratulate and thank Ms. Yalnizyan. Whenever she comes to testify on behalf of her organization, the Canadian Centre for Policy Alternatives, she brings perspective to the debate, which helps me a great deal to assess the pros and cons of a bill.

I would also like to ask a few questions of the Forest Products Association of Canada. How many members do you represent, Mr. Casey?

**Mr. Andrew Casey:** I represent 22 members, which means most of the production.

**Mr. Yves Lessard:** You say that you cover 75% of functional lumber operations in Canada.

**Mr. Andrew Casey:** Exactly.

**Mr. Yves Lessard:** I understand that you have union locals for each of the regions in Canada. You have a province-based structure. Is that correct? Do you have affiliate members?

**Mr. Andrew Casey:** Only at the national level. We don't have that provincially.

**Mr. Yves Lessard:** Do you have members in Quebec?

**Mr. Andrew Casey:** Yes, of course, AbitibiBowater, Tembec and others.

**Mr. Yves Lessard:** Can you tell us whether they are in agreement with this bill?

**Mr. Andrew Casey:** They support our position.

**Mr. Yves Lessard:** Do they agree with the bill?

**Mr. Andrew Casey:** They agree with our position on the bill.

**Mr. Yves Lessard:** The forest industry in Quebec...

**Mr. Andrew Casey:** I can't speak for the industry Mr. Chevette represents, but our members who have operations in Quebec are in agreement.

• (1635)

**Mr. Yves Lessard:** Are you willing to recognize that the industry that covers all of Quebec and is represented by Mr. Chevette is very representative?

**Mr. Andrew Casey:** Mr. Chevette and the other members who are not part of our association.

**Mr. Yves Lessard:** Okay, but you know that they are against the bill.

**Mr. Andrew Casey:** Yes, I know.

**Mr. Yves Lessard:** So you are aware that just as regards the bill, there is a split in the position of the forestry industry in Canada and that of Quebec.

**Mr. Andrew Casey:** In my opinion, no. Our members who operate in Quebec agree with the bill.

**Mr. Yves Lessard:** The exchange we've just had is very enlightening in that regard.

I also find the argument put forward by the representatives of the Communications, Energy and Paperworkers Union of Canada very interesting. Mr. Rocheleau, you work at the Shell refinery. How many workers are in that refinery?

**Mr. Jean-Claude Rocheleau:** There are 350 unionized workers.

**Mr. Yves Lessard:** There is a collective agreement.

**Mr. Jean-Claude Rocheleau:** Yes.

**Mr. Yves Lessard:** Layoffs are done according to seniority, is that correct?

**Mr. Jean-Claude Rocheleau:** Correct.

**Mr. Yves Lessard:** There is a seniority clause. Have there been layoffs at Shell in the past five years?

**Mr. Jean-Claude Rocheleau:** No.

**Mr. Yves Lessard:** So these are stable jobs.

**Mr. Jean-Claude Rocheleau:** Yes, when there isn't a crisis such as the one we have now.

**Mr. Yves Lessard:** Is it fair to think that when there will be layoffs, the last people hired at Shell will be the first to be laid off?

**Mr. Jean-Claude Rocheleau:** It depends what is going to happen, what we know and what is hanging over our heads. If the refinery is closed, the 350 workers will be laid off.

**Mr. Yves Lessard:** When is the project due?

**Mr. Jean-Claude Rocheleau:** You would have to ask the company to tell us. Since this summer it has placed a sword of Damocles above our heads, saying that it will get back to us, without ever giving us a date. So I cannot answer you.

**Mr. Yves Lessard:** This exercise is quite enlightening and I am not trying to set you up. You represent the union and you have a sound overall grasp of the situation. We are trying to find out which workers are targeted by this bill.

This afternoon, you implied in your presentation that some workers may be affected. Specifically, you said that 190,000 jobs would be affected. You also said—and you made no secret of this fact—that you are a candidate for the NDP party. Therefore, the Conservative-NDP bill now before the committee...We asked the government, officials, the minister, the deputy minister—in short everyone, including your NDP colleagues—where this figure of 190,000 individuals affected comes from.

And now again today, we are hearing the same figure from you, an NDP candidate and union official. Where does the figure originate?

**Mr. Jean-Claude Rocheleau:** I said it could help people, that this was the figure announced.

**Mr. Yves Lessard:** You stated your position. However, you also quoted a figure. You said that 190,000 people would be affected. How did you arrive at that figure? I know you well enough to know that you do not usually give out figures like that. How is it that the Conservatives and your party are so confident about the number of people affected?

**Mr. Jean-Claude Rocheleau:** We estimated that about 190,000 people would be affected. This is probably not the exact number. No one seems to know for certain. After reviewing everything and trying to understand the numbers, I still haven't found out exactly how many people will benefit from this initiative. I know that some people in our region, people who belong to other union locals, will be losing their job shortly...

• (1640)

**Mr. Yves Lessard:** Or so you said.

**Mr. Jean-Claude Rocheleau:** ...and will require assistance of this nature.

**Mr. Yves Lessard:** I know that is what you said, Mr. Rocheleau. What we, on the other hand, need to know is whether there is truly a need for \$930 million. Your party even maintains that \$1 billion is needed and that 190,000 people will be affected. Surely you crunched the numbers in order to come up with that figure. I don't know you that well, but I do know you well enough to know that as a rule, you are very meticulous. That being the case, are you not misleading people when you maintain that 190,000 people will be affected? After all, the people you represent take you at your word. Now you're admitting today that you are no more certain of these figures than we are. I am not trying to argue with you, but it is important to understand your perspective and why you are here today supporting this initiative. You say you support the bill because

it will help 190,000 people, but there is no evidence to support that claim.

I was hoping to get some clear answers from you today, but you seem to be pulling numbers out of thin air.

[English]

**The Chair:** That's all the time we have right now.

I'm going to move to Mr. Godin for seven minutes.

[Translation]

**Mr. Yvon Godin (Acadie—Bathurst, NDP):** Thank you, Mr. Chair.

I would like to welcome the witnesses. I sincerely hope that 190,000 people will not be affected, because we want to see people working. It matters little whether 50,000 or 100,000 people are affected. I really think the Bloc Québécois is getting on its high horse, as far as this matter goes, but my wish is for full employment.

Mr. Laliberté, you stated that this should have been a pilot project. Correct?

**Mr. Pierre Laliberté:** Yes, that is correct.

**Mr. Yvon Godin:** Mr. Céré made a similar statement. It wouldn't be so bad if it were a pilot project.

**Mr. Pierre Laliberté:** Once we hear that there is no possible way of amending the provisions now on the table, why drag things out? Let's go with a pilot project, close the book on this matter and go home. We came here to speak to you about the very real problems that the bill creates. You are as familiar with the program as we are.

**Mr. Yvon Godin:** Mr. Céré and Mr. Laliberté, the NDP has 12 bills before the House of Commons: 360 hours, the 12 best weeks, and so forth. In June of 2005, when the previous government was in office, a motion was before the House of Commons concerning the 12 best weeks. The Liberals and the Conservatives voted against the motion at the time. There is nothing new here. EI reform began in 1986 when money was taken out of the fund and put in the general fund. They have continued to steal the money since then from the EI fund and to direct it to the general operating fund.

The largest cuts to EI came in 1996. I come from a region that posts the highest rate of unemployment, a region where fish plants and pulp and paper plants have ceased operations. The Caribou mine has also shut down. Many people in our region are seasonal workers. Would you agree that every time a positive change, however minor, has been made to EI, we have supported it? Before Mr. Céré says anything, I will concede that we voted against the 2009 budget.

**Mr. Pierre Céré:** I wasn't invited here, Mr. Godin, to discuss the NDP's position. I'm here to explain our organization's stand on Bill C-50. You can vote whichever way you choose. I'm not here to talk about that.

I'm here to tell members of Parliament that, clearly, the government isn't listening. It has ignored the historic number of Canadians calling for improvements to EI eligibility requirements. And I do mean historic. At its meeting in late July, the Council of the Federation unanimously called for a resolution to the eligibility issue. While the provinces cannot agree on a formula, they do agree that the eligibility issue needs to be addressed. The government is not listening, however.

Mr. Godin, Bill C-50 introduces a very pernicious notion, that of deserving, and non-deserving workers. It calls for an extension of benefits based on the number of weeks during which benefits were claimed in the past. Decisions will be based on maximum contribution limits attained, that is on figures that the department doesn't have. These are numbers in the possession of the Department of National Revenue. This will require searching back 15 years in the archives. Therefore, there is something deeply pernicious about this bill, and for that reason, we oppose it.

•(1645)

**Mr. Yvon Godin:** You will agree with me, Mr. Céré, that when the government included five additional weeks of benefits as part of a pilot project undertaken in recent years, this applied only to regions with high unemployment rates. The measure did not extend to all Canadians who were out of work.

**A voice:** These were pilot projects, after all.

**Mr. Yvon Godin:** These were changes to EI brought in with pilot projects. Ultimately, however, workers were not treated equitably across the country.

Mr. Chair, I have the right to speak to the witness and what business is this of the Bloc Québécois.

**Mr. Yves Lessard:** I simply want to lend our colleague a hand. It's the least I can do. The pilot project was never amended. As Mr. Laliberté so aptly put it, they do not want us to amend it. So then, why are they here?

[English]

**The Chair:** Mr. Godin, the floor is yours.

[Translation]

**Mr. Yvon Godin:** Mr. Chair, I have a question for Ms. Pohlmann.

On listening to your organization's presentation, one might get the impression that EI already goes too far. In France, the government covers 75% of the salary of workers who are laid off. In Denmark, 90% of workers' salaries are covered. I'd like to understand your point of view. It's almost as if you are saying that Canadians are a lazy bunch of people and that if they collect EI benefits, they will never go back to work.

Could you explain your position to us?

[English]

**Mr. Dan Kelly:** We did a recent survey and we asked our members that question: Should benefit levels be more generous in employment insurance? Our members, for the most part, said the current level of benefits were appropriate. There wasn't a huge cry for a reduction in the benefits, but I will say that more of our members said that EI benefits were too generous than not generous

enough. We've studied both that question and the question of whether or not there should be—

**Mr. Yvon Godin:** Did you ever ask your clients if they were making too much money or not enough money?

**Mr. Dan Kelly:** No, we haven't asked them that question, but I would imagine—

**Mr. Yvon Godin:** There's a big difference for people who lose their jobs and cannot buy food to put on their tables for their families.

**Mr. Dan Kelly:** Yes, and as you know, many small businesses are struggling in this economy as well. This is small business week—

**Mr. Yvon Godin:** Do you think paying welfare should be transferred to the province when we have an economic crisis like we have today instead of having a program that the government has already stolen \$57 million from? Should they not be paying into that program instead?

**Mr. Dan Kelly:** No. In fact our members generally accept the basic tenets of employment insurance; that is, if somebody involuntarily loses their job, there should be a system of fair compensation for those circumstances, but I will say that with the growing shortage of labour that has been experienced in Canada right now, we have to be very cautious about making further changes to employment insurance.

If another \$1 billion of money were available to us as Canadians, we would prefer to use that additional \$1 billion helping small businesses and other firms create jobs and train their employees rather than extending the time of benefits. That, from our perspective, is the more appropriate use of additional dollars in this fund.

Our bigger concern is that we are going to prolong the agony, and the costs of this are going to be passed on, preventing job creation in future years.

**The Chair:** Thank you, Mr. Godin.

We're now going to move to the last questioner of the first round. We've got Mr. Cannan and Mr. Vellacott, I believe, sharing time.

**Mr. Ron Cannan (Kelowna—Lake Country, CPC):** Thank you, Mr. Chair. I will be sharing my time with my colleague.

Thank you, Mr. Godin, for your passionate intervention.

Thank you, Mr. Lessard, for your generous offer to work together. We can all get along and get by with a little help from our friends.

**Some hon. members:** Oh, oh!

**Mr. Ron Cannan:** Thanks to the presenters here today.

We are working on Bill C-50, an act to increase benefits for long-tenured workers, which is part of the comprehensive suite of our economic action plan. This is the broadest consultation ever taken for a budget, and it's the earliest budget implemented in Canadian history.

The fact that we have extended our EI program by five weeks has been alluded to—the work-share program. About half of Canadian workers who pay into the EI program are long-tenured workers. Roughly one-third of those who have lost their jobs since the end of January of this year and made EI claims are long-tenured workers. Department officials, who were witnesses previously at the committee, indicated that we're addressing this bill to about 190,000 unemployed people who have worked over the years and are now in a most vulnerable state. We'll continue to monitor the situation as we move forward.

I appreciate the CFIB's position. I used to have my own business, and I support small businesses. SMEs are the economic engine that drives the economy of our country, and we'll continue to work together—the risk takers, leaders, and entrepreneurs of our communities.

I understand your concern about the \$57 billion. As Mr. Godin said, it's gone. It has disappeared. And we're dealing with the fact that regardless of who spent it—we can point fingers until the cows come home—we don't have it, so we have to deal with the present situation and build a stronger Canada as we move forward.

Mr. Reid, I was also a member CEPU at one time. I have the honour of representing Kelowna—Lake Country in the Okanagan, part of beautiful British Columbia. Our wood is good, and forestry is a big economic driver for our province. As Mr. Casey alluded to—the element of where we're going with this bill—a lot of the workers are in the forestry industry.

My question is for Mr. Casey. We've heard from the Bloc that they feel this bill will not help the forest industry. Could you elaborate a little more on how you feel, from your members' perspective, Bill C-50 will help the forest workers?

• (1650)

**Mr. Andrew Casey:** Thank you for the question.

A starting point would be to reiterate that the industry continues to employ 273,000 Canadians directly. We've been at the leading edge of this economic downturn. When the U.S. housing market went down we were the first ones to feel that pain, so we've been at this for a while. Yet we still employ those people.

It's safe to say that a significant number of long-term tenured employees are still part of the industry and would fall within the qualifications of this legislation. We expect there will be some continued economic turmoil. We don't think markets are going to come back for probably another year in our industry, so we expect there will be more mill closures—temporary shutdowns of some sort or another.

The provisions of this bill will benefit a number of those long-tenured employees in some of the areas where we are going to see some temporary closures. It will greatly help keep them in their communities so we don't lose them. When we come back we want to be able to get up and running as quickly as possible. We're going to need those highly trained, highly skilled employees to be back in our mills as soon as possible, and this will help.

**Mr. Ron Cannan:** Thank you, Mr. Casey.

I will pass the floor.

**The Chair:** You have three minutes.

**Mr. Maurice Vellacott (Saskatoon—Wanuskewin, CPC):** I want to address my question to Ms. Pohlmann or Mr. Kelly, because we got into the issue of the 45-day work year—or at least implied. Everyone seems to agree we're in a difficult time now. We need to help those who have been hard hit by the global recession. Our government is focused on making some smart changes to the EI bill, such as in this bill before us that provides additional weeks to long-term workers.

Mr. Kelly and Ms. Pohlmann, I think I have an answer from what you've said already, and from your graphs and so on, but I have three questions.

Does your organization support the Liberals, Bloc, and NDP on a 360-hour, 45-day work year? Second, how would a 45-day work year affect your members? Finally, how would a 45-day work year affect the labour dynamic across the country?

**Mr. Dan Kelly:** No. In fact when we made a similar presentation to the Senate committee on the same bill we said that while we're not excited about the changes in this bill, they are less harmful than some of the other proposals for changes to employment insurance that have been proposed.

We are very worried and have publicly stated that a 360-hour period for employment insurance across the country would potentially be devastating to many small firms that struggle to find workers, even in these economic times. We have to remember that there are still many businesses in many sectors of the economy that are hungry for workers but unable to find them. So we don't support that.

The idea would be extremely harmful to small firms across the country. When we come out of this recession it would seriously set us back, even if it were a temporary measure. Temporary measures have been found to be very difficult to get rid of, and our major concern with employment insurance is that these measures would stick around and further exacerbate the shortage of labour when we do come out of the recession.

• (1655)

**The Chair:** Thank you very much.

We're now move to our second round of questions.

We'll start with Madam Folco for five minutes.

[*Translation*]

**Ms. Raymonde Folco (Laval—Les Îles, Lib.):** Thank you, Mr. Chair.

I have here a table showing that between January and July of 2009, 70.8% of the claims filed in Quebec were approved, which means that 30% of the claims were rejected.

With respect to Atlantic Canada, the percentage of the claims approved varies between 59% and 69%. Those are the lowest percentages in all of Canada. In my view, the figures are low for Atlantic Canada because the provinces are suffering, and have been for years, from chronic job shortages and those who are out of work have a very hard time finding employment, whether part-time, seasonal or other.

The second element that comes into play, and that ties in with this, is discrimination, an issue that we have discussed at some length here this afternoon. We have also talked about the fact that this is a bill that treats unemployed workers in an arbitrary manner. Let's be specific here. A significant proportion of the people who are not touched by this bill and who are not among the 190,000 affected are women. Already, these women hold down part-time or seasonal jobs—I'm referring to the percentages I quoted for Atlantic Canada. They are not on the same footing as full-time workers, the people who work 12 months of the year, and by virtue of the very nature of their jobs, they already experience discrimination.

I do not think the government's intention was to discriminate against women, but the bill will lead to obvious discrimination against a certain category of workers, namely women.

I would like to hear from at least two witnesses on this matter. Obviously, I would like to hear from Ms. Yalnizyan, but also from Mr. Céré and from Mr. Laliberté.

[English]

**Ms. Armine Yalnizyan:** Thank you very much, Madame Folco, for the question.

We know this recession has been dubbed, in both the United States and Canada, as a “he-cession”. We know that 71% of the people who have lost their jobs in this country thus far have been men, and women are part of the “she-covey”, particularly women over 55, because they're the ones who are picking up whatever jobs are out there to support and sustain family incomes. We know already that those who are able to access employment insurance are primarily men, generally speaking, even in good times—and in this recession, it's been even more so. It has been a male-dominated process to make use of the employment insurance system. And as well it might, because it's been the goods-producing industries that have been hardest hit in the recession.

That does leave us with two issues: there are always people in the service industries who are going to get hit, and hit very badly; and Canada has a very poor track record of low-wage employment for women, as well as insecure and precarious hours.

I did have a recommendation, which I didn't make in my opening pitch, that I would like to raise now. I will also be doing so in front of the finance committee in pre-budget consultations next week. One other consideration that this committee could undertake, should you wish to make things a little more secure for people who are really struggling—and it is outside the purview of Bill C-50—is related to the fact that a lot of women cannot survive on 55% of their insured earnings from whatever they were working at. It just isn't enough to pay the bills. There was one clause introduced in the EI Act in 1996 that permitted some relief for low-income families in receipt of the Canada child tax benefit. For families with net incomes—including

the CCTB—of not more than \$25,921, there was a clause in the EI Act that would permit up to 80% of income replacement, meaning that women who were laid off could at least come close to paying the rent and feeding their kids. They are the people who primarily use this provision.

In 1999, about 11.5% of EI recipients made use of this clause. By last year, only 7% did. By raising that threshold in a different amendment to the legislation—which I would highly urge this committee to look at doing—you could actually relieve an awful lot of vulnerability.

I do want to make one other comment, if you will, Madame Folco. I wonder if this committee realizes that in the recession of the 1980s, if you convert the weeks required then to the hours required now, it took only 165 hours to trigger EI eligibility in an area of 8% to 9% unemployment. In the recession of the 1990s, it took 255 hours. Today it takes 595 hours. For people who are worried that if you reduce the hours of work eligibility, there will be malingerers in the system, I would remind you that the economy exploded in 1989, and after the recession of the 1990s, we had ten of the most sustained years of economic expansion. It wasn't because of the eligibility requirements for EI. We have an enormous economic storm unfolding, and we can do better.

● (1700)

**The Chair:** Thank you. That's all the time we have. We're actually over time.

We're going to move now to Mr. Lobb, sir, for five minutes.

**Mr. Ben Lobb (Huron—Bruce, CPC):** Thank you very much to the people here today who are representing organized labour. My heart goes out to you for those jobs that have been lost.

In the early part of my career I worked in the CAW union, so I know that it's very difficult for union leadership and representatives to have to go through these losses. It's stressful for your workers and also for you.

I have just one observation regarding a point made by Mr. Lessard towards Mr. Rocheleau on whether or not he had a collective agreement within his union shop. I would suggest he likely wouldn't be the president very long if he didn't have a collective agreement. That was an interesting comment.

When we talk about helping people, I can think of hundreds of currently laid-off employees in my riding that this bill would directly benefit. That's why I will be voting for this benefit.

The number of 190,000 workers has been used. By voting against this bill, Mr. Savage and Mr. Lessard are going to provide them zero help. That's unfortunate to see, for sure.



I have just one other point. I've heard the word "reform" used many times about this bill. This is a bill to amend the act. I just want that to be clear on the record.

My direct question is for the CFIB. It's a forward-looking question. Be it as it may be, the past is the past. But looking forward to the future, would you agree with and support the initiatives undertaken to balance the premiums, to invest those premiums back into employment insurance? Do you think this is a good move?

**Mr. Dan Kelly:** It depends on which aspect you're speaking of. The budget measures that were put in place in January that paid for the additional benefits during the recession out of general revenues we absolutely do support. It was a contribution back from the \$57 billion surplus that was taken out of the account. This measure, though—

**Mr. Ben Lobb:** Specifically—could you comment specifically around the employment insurance board, the act of balancing revenues and expenses?

**Mr. Dan Kelly:** Yes, the creation of the CEIFB was a terrific measure, one we had pushed for for years and years. Had it been done a decade ago we would be in much better shape, because the surplus dollars would have been invested in a fund that we could then draw on in this difficult economic time. Instead, that money was pulled into general revenues and is now not available for us in weaker economic times. But the challenge with this is the timing. The creation of the board was excellent. It was the right public policy move, and all MPs who supported it I think are to be congratulated. The challenge of it, though, is that the creation of it at this particular point in time means that all of the surplus dollars that had been taken out of the fund in the past are gone, and now the fund is going to be stuck with the deficits. So we feel that this is incredibly unfair.

It's fine, as my colleague Corinne Pohlmann noted, for the EI fund to be called on to pay for these additional benefits at this particular point in time if it were also given some of the surplus dollars. If you're not going to refund the entire \$57 billion surplus, we do feel that the government has a moral obligation to at least ensure that the new fund has enough money to ride out recessionary times. I think \$10 billion to \$15 billion would be a good start.

• (1705)

**Mr. Ed Komarnicki:** Following up on that question, I take it from you then that ensuring that you have a rate-setting mechanism that ensures the premiums do not go into general revenues is something you accept as a good policy step, and certainly using the surplus for general revenues, as happened in the previous Liberal government, is not something you'd like to see happening, and that's fair.

When I look at your chart and some of your diagrams there, the various parties, the NDP, the Bloc, and the Liberals, have suggested that there be more generous levels of benefits than we now propose and that the qualifying periods would be more generous. We've heard witnesses today suggest that. But given what we now have, in regard to doing either of those, either increase the deficit or tack on more money to premiums, which would be, as you say, harmful to employers and employees alike, do I take it your group is opposed?

**Mr. Dan Kelly:** Yes, in fact—

**The Chair:** Just give a quick response, because we're out of time, Mr. Kelly.

**Mr. Dan Kelly:** Yes, we do. When we did our survey—and you've got copies of this report—the majority of our members were either in favour of the current system of benefits or perhaps less generous benefits. There was a small sliver that was in favour of increasing EI benefits but by a very small margin. So the hours of eligibility and the benefit levels we urge you not to touch. The measures that are in this bill, while not our favourites, are less worrisome than some of the other measures that have been proposed.

**The Chair:** Thank you very much.

We're going to now move over to Madame Beaudin. You've got five minutes.

[*Translation*]

**Mrs. Josée Beaudin (Saint-Lambert, BQ):** Thank you, Mr. Chair. Thank you all for coming here.

Two weeks ago, we welcomed the minister and a number of officials. I asked the minister why she had not adopted the same approach as the one taken in the case of the employment transition program, namely introducing a pilot project, instead of a new measure via Bill C-50. I did not receive a direct answer to my question. It has quickly become apparent that the government is playing politics at the expense of unemployed workers. Had a pilot project been initiated, there would not have been an amendment or any decision to make.

In our estimation, the bill creates two categories of unemployed workers, the good ones and the bad ones. The decision to separate workers into two groups is unfair and does nothing for social justice, in my opinion. It is like deciding to save people with glasses and feed them when everyone else is starving. One group is told to wait patiently until their turn eventually comes. Where is the social justice in that?

Faced with an economic crisis, the government brought in a temporary measure in the form of Bill C-50. These are harsh economic times. People already have access to employment transition assistance. What areas would you have prioritized?

When the minister testified before this committee, she stated that she had consulted a number of experts. Were you consulted, yes or no?

**Mr. Pierre Laliberté:** No.

**Mrs. Josée Beaudin:** I think you should have been consulted. What areas would you have prioritized to help workers and make EI as accessible to them as possible? Go ahead, Mr. Laliberté.

**Mr. Pierre Laliberté:** As we stated earlier, and everyone who comments on Bill C-50 seems to be in agreement about this, accessibility is the number one priority. As Pierre Céré said, everyone agrees on this first point, except Parliament.

The second issue is the extension of the benefit period. We are in the throes of a recession. These are temporary, albeit much needed, measures. However, the initiative should more closely resemble the approach taken when the five-week period was extended. The situation will need to be monitored closely. According to the banks and to the OECD, the recession will drag on. There is every reason to believe that this will in fact be the case.

Mr. Casey mentioned another measure, namely work sharing. He said there had been a problem given the large number of work-sharing programs. Approximately 22,000 Quebeckers have entered into work-sharing agreements. That is a very high number. Across Canada, 50,000 people have entered into such agreements. This program is slated to end in a few months. This is a good initiative that, as Mr. Casey said, keeps everyone employed. If there is some way to develop a program based on this model, we would be happy to co-operate.

The government claims to want to help long-standing members of the labour force. We would rather see a program designed to help workers who will have problems finding a new job. Mention was made of job training. That is all well and good, but we must not try to function with a byzantine EI system that, in our view, is off the mark and creates obvious inequities.

Ms. Folco spoke earlier of the inequities experienced by women. At this particular point in time, young workers are the ones being treated unfairly. The unemployment rate among young people is double that of other groups and young people do not meet the stated EI eligibility criteria because they have not worked long enough. From a demographics standpoint, nothing is being done to help the people hardest hit by the economic downturn. I'm not talking here about the burden of a family and other such things. I believe these factors should be taken into consideration.

• (1710)

**Mrs. Josée Beaudin:** Thank you very much.

[*English*]

**The Chair:** Mr. Komarnicki.

**Mr. Ed Komarnicki:** Thank you, Mr. Chair.

Mr. Céré has said that he disagreed with Bill C-50. And I heard the member from Dartmouth—Cole Harbour speak about why you might disagree with the bill. But what do you tell those workers who would benefit from this bill, the 190,000 or so who would be receiving \$900 million over three years? How do you stand up and vote against a bill like that, as the members of the Liberal Party and the Bloc proposed to do? What do you tell those workers?

Craig Riddell, a UBC professor and member of the expert panel on older workers, found that long-tenured workers are hardest hit by unemployment and take up to 35% longer to find new employment than other workers.

It is a question of taking the dollars and targeting them to those who need them most, those who have paid most into the system, worked the longest, and need that support. How do you oppose them by saying that we don't want them to have those benefits?

I heard Mr. Casey speak about how you need to take this measure in the context of everything else that's happening. We've added five

weeks of benefits across the board. About 300,000 workers are estimated to benefit. We added \$500 million for approximately 40,000 long-tenured workers. There is \$1.5 billion on top of \$2.5 billion for training—something I'm sure the Federation of Independent Business would support. And we had a targeted initiative for older workers—\$60 million, and five to twenty extra weeks of benefits in this proposed legislation. If you take it as a group, a suite of programs, you'd have to say that a significant amount of benefits will be flowing out. Significant steps have been taken.

With respect to the work-sharing program, there have been a number of responses. I have one from the Michelin Tire company, which has 500 employees benefiting from the work-sharing program. The company spokesman remarked that the work-share program had allowed Michelin to avoid layoffs and maintain their workforce. He characterized the program as a win-win-win for the company, its employees, and the government, and said that it would help Michelin to rebound quickly when market demand returns.

I'm hearing almost the same thing from Mr. Casey of the Forest Products Association of Canada.

So there's a divergence of opinions and there are different things that need to be done. But taken in context, it's something that is beneficial. With respect to work-sharing, how have your employees and workers responded to the work-sharing and Bill C-50 that we're proposing?

• (1715)

**Mr. Andrew Casey:** Certainly the work-share program has been an enormous benefit to the industry. We know of a number of mills that would have probably closed permanently if it had not been for the work-share program.

Companies were taking advantage of the program before the changes were implemented in the budget. A number of companies, as I said earlier, came on after the budget, and that's where the problem lies for us. We'd like to see those companies not be penalized for having been in good operating order before the budget. We'd like to see some changes there.

To some of the earlier questions, there's not a silver bullet in Bill C-50 that's going to cure the industry's problems. But certainly overall, the package as you put it together is of great benefit to the industry and it has certainly kept a number of mills running and kept employees in the communities where they belong.

**Mr. Ed Komarnicki:** I will just quote your president from the Forest Products Association of Canada, Avrim Lazar. He said that the investments in worker training and the extension of work-sharing are welcome initiatives that will help more Canadians keep their jobs and employers hold onto talented workers.

Again, the Fédération des travailleurs du Québec said take what you have on the table and keep working. When you look at all those programs that have been in place and how they've been focused toward helping employees during these difficult times, I guess your premise is take what's before you, pass that, and continue to monitor the situation. Would that be correct?

**Mr. Pierre Laliberté:** The sound is not very good in this room, but certainly one thing I did say is that the work-sharing program has been a very good initiative, as was the five-week extension and the moneys that have been flowing through training. There is no question about this.

However, as we've said, we feel this particular project is worrisome because of the discriminatory aspects it contains. The fact is that only 30% of all long-term unemployed reached the end of their... It seems to me that under the circumstances of this recession that's somewhat unusual. It would have been the right move to give the benefit across the board.

One more thing, if you want to help long-tenured workers, the accounting of paid leave is a real issue for a number of our members. They accumulate this, and they expect to be able to use that money to retrain, move, whatever. When they go to the unemployment office, they're told this isn't compatible. This is something this government could do tomorrow to help a lot of people, long-tenured workers, who have been accumulating leave pay. That would be extremely worthwhile, and it would help people right now.

**The Chair:** Thank you.

We're going to go to the last questioner today, the Liberals, and I have Ms. Minna.

**Hon. Maria Minna (Beaches—East York, Lib.):** Thank you very much, Mr. Chair.

I want to get back to a couple of things. One is what we heard a great deal from all of you today in support of the bill, which is that this helps those most in need. I'm having some difficulty with that, because it seems to suggest that the people who have the longest tenure are the ones who are most in need.

There are people, women, who are being left out. There are people who work part-time, others who have lost jobs; they are in and out of the workforce, or they are low income and what have you. There are immigrant people who don't qualify under the six...well, seven years below that you don't get anything, and getting jobs for them is very hard.

My question, from the social aspect and what have you, is to Ms. Yalnizyan. In terms of who needs it the most, I feel like I'm playing God here, picking and choosing who gets...and they're not necessarily those who need it the most.

The other thing is with respect to women. I was told by the minister that the gender analysis was not done on this bill. How do we know what the impact is with respect to women, who also are in high need, let alone choosing who needs it the most? I find that comment that is constantly being used quite difficult to take.

• (1720)

**Ms. Armine Yalnizyan:** Thank you, Madame Minna.

As I said in my opening comments, even the most generous interpretation of who is affected by this legislation leaves two-thirds of those who have lost their jobs and who are in this category unaddressed and does not address anybody who lost their job in the fall. So it doesn't matter how you slice and dice it, if this is a good measure, it should be extended to the people who are in that category

who lost their jobs last fall, too, or the majority of those who are in that category now.

What is happening is that men who are losing \$30-an-hour jobs and are having a very difficult time finding even \$15-an-hour jobs are finding that their spouses are willing and able to take temporary—and I underline temporary—jobs at \$15 an hour or self-employment. As in every other recession, women are filling the breach. This has happened in the recession of the 1980s and the recession of the 1990s. So women are not getting the benefit of the unemployment insurance benefits, and they're not also getting the benefit of strong jobs in the labour market, but they are willing to support their families' finances.

The problem is that this is now the new structure of the labour market, with more temporary jobs and more lower-paid jobs. Even if you have a job, there's huge downward pressure on your wages, your pension, and your benefits, if you can hang on to that job. This is not a sustainable industrial strategy, and it is not a sustainable strategy for maintaining what's already a fragile recovery.

So part of the answer, yes, is to extend the reach of what income support can do but also to maintain a very careful eye on how the jobs that are being created are coming into place, because this is going to go on for an awfully long time.

**Hon. Maria Minna:** I have just a final question to the CFIB representatives, if I still have time, Mr. Chair.

You were talking about training and providing that to people as opposed to.... Now, if someone is unemployed or has lost their job, are you suggesting training under the EI system, where they would receive an income, or training with a company, where the company would pay a salary for the training? I'm not quite sure how you're....

**Ms. Corinne Pohlmann:** It would be the latter.

**Hon. Maria Minna:** The company would pay the salary for training.

**Ms. Corinne Pohlmann:** The company would pay the salary and get a bit of a break on the EI component for that employee in order to help train that person and get them into position. We already know small business invests so much in training as it is, and it's becoming difficult for them to do it. So this is a way to sort of encourage more training. It's actually based on an idea that was done in the late 1990s, called the new hires program, through the EI system. The new hires program encouraged businesses to create jobs by giving them what they called an EI holiday.

**Hon. Maria Minna:** I remember that.

**Ms. Corinne Pohlmann:** Yes, so it's the same concept that we're proposing here, but the idea would be that it would allow for on-the-job training, which even the OECD has said is the most effective way of getting people back to work.

**Hon. Maria Minna:** I'd say the same. Okay.

**The Chair:** Thank you very much.

I want to thank all our witnesses for taking time out of their busy schedules to be here today. We're going to let you guys leave.

I just want to talk to the subcommittee, because I want to arrange the best time for our meeting tomorrow. I want to adjourn the meeting, but I want to talk to the subcommittee about picking out a time for tomorrow.

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The meeting is adjourned.







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