



House of Commons  
CANADA

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

---

SEMP • NUMBER 004 • 1st SESSION • 38th PARLIAMENT

---

EVIDENCE

**Wednesday, November 24, 2004**

—  
**Chair**

**Mr. Rodger Cuzner**

All parliamentary publications are available on the  
"Parliamentary Internet Parlementaire" at the following address:

**<http://www.parl.gc.ca>**

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

Wednesday, November 24, 2004

• (1525)

[English]

**The Chair (Mr. Rodger Cuzner (Cape Breton—Canso, Lib.)):** Ladies and gentlemen, we'll begin with our fourth meeting of the subcommittee of the Standing Committee on Human Resources, Skills Development, Social Development, and the Status of Persons with Disabilities.

Today we have another very capable ensemble of witnesses, and we look forward to their testimony. We have about an hour and a half because the committee has to address some of the aspects of putting this report together in some kind of comprehensive or coherent manner, so we're going to wrap this up by five o'clock and go in camera.

We have two video conferences today and as well we have witnesses here in the committee room. If I could, I'll go down the list and make the introductions. Then I'll invite one representative from each of the groups to make a presentation of about five minutes, and following the presentation we'll get into our questions and answers.

We'll start with the New Brunswick Federation of Labour, and we have John Gagnon. From the Building and Construction Trades Department, AFL-CIO, Canadian Office, we have Robert Blakely and Carol MacLeod. From the Mouvement autonome et solidaire des sans-emploi we have Sébastien Duclos, coordinator. Sébastien, welcome. From the South-East New Brunswick Committee for Changes to Employment Insurance, we have Gilles LeBlanc.

Is Robert MacKay with you as well? Yes?

Then there's the Study Committee on Seasonal Work. Normand Carrier is the president and Gérald Clavette a member.

**Mr. Normand Carrier (President, Study Committee on Seasonal Work):** I have with me Mr. Paul Gagnon. There are two of us.

**The Chair:** Is there anybody at the table there in Moncton who hasn't been identified? Could you introduce yourselves, please?

**Mr. Rodrigue Landry (As Individual):** Rodrigue Landry.

**The Chair:** Rodrigue, who do you represent?

• (1530)

**Mr. Rodrigue Landry:** I represent the southeastern New Brunswick workers in the fishing industry.

**A voice:** Rodrigue will be speaking in my place.

**The Chair:** We'll start then. Again, there's the format. If you could, keep it to about a five-minute presentation, and then we'll move into our questions and answers.

From the New Brunswick Federation of Labour we have Monsieur Gagnon. If you would, please begin.

**Mr. John Gagnon (Member of the Executive Council, New Brunswick Federation of Labour):** Thank you.

I'm John Gagnon from the New Brunswick Federation of Labour.

I want to start off by saying, on a positive note, that I think the best thing is to have high employment and stable incomes. They are the most effective and efficient ways to build a strong economy, and a permanent job at a decent salary is the best income security available.

Unfortunately, in the real world, the reality is that in our regions, in this province, the contrary is true. We have high unemployment, unstable incomes, seasonal work, and temporary jobs at inadequate salaries. The nature of our economy means many cannot find work. They are victims of an economic structure that sustains a lot of seasonal and temporary work. We at the Federation of Labour believe it's the government's responsibility to create the right economic conditions and climate to create a productive and dynamic economy.

If there are dependencies—and we keep hearing from many government officials and members of Parliament that there are dependencies—they have been created by governments and businesses that haven't really invested in the people properly and haven't created meaningful jobs by attracting secondary industries where we have seasonal workers so they can process—very important—our natural resources locally. That, I think, has to be done.

We're talking about the whole question of how we utilize the fund. The fund has a \$46 billion surplus; in today's paper the Auditor General says that's \$46 billion more than has been spent on benefits and administration. She's saying that outside the benefits and administration there is a \$46 billion surplus. She also refers to having an independent account for unemployment insurance.

We believe that before we start doing things like—as we are going to hear many groups talking about—reducing premiums and investing money in training... We're not against investing money in training as long as it doesn't become subsidies for corporations in their training programs, and maybe we can talk a little about that in the debate. I'm saying that before we do these things, whether they are progressive or not, we have to start investing the money in the economy, investing the money back into workers.

In 1994 some of these regressive changes took place. Prior to 1989 we had 78% of people qualifying for unemployment insurance. Today, as we speak, the figure is around 36%, and some people say it's as low as twenty-some per cent. That's the reality. The money has to be invested back into workers, the seasonal workers especially, in order to create that.

Things like the maximum benefit period should be put back to 52 weeks. We have to build stronger unemployment insurance. We have to eliminate the divisor, which takes a lot of money back, especially when we're talking about a surplus. There are 910 qualifying hours for new entrants. The 420 should be based on 360. The old system we had was based on weeks and gave about 180 hours. We're not asking for it to go back to 180 hours, but we are asking to at least have it stand at 360.

Those are the realities we're talking about. This fund has over a \$46 billion surplus, a surplus that was made on the backs of the workers through these changes. That's where we have to start investing this type of money before we start talking about other things.

**The Chair:** Mr. Gagnon, we have interpretation in the committee room. I know this is something you are very passionate about, but I would ask you to take your time.

**Mr. John Gagnon:** I'll leave the passion in but I will slow down.

Things like the divisor have to be eliminated. Those are very important things. We have to start looking at places where there are high employment rates and we can start doing things. We have to be progressive in doing things. If it's over 4% we should allow more weeks, and if it's over 10%.... These are the types of things we have to look at, putting the money back into the people who need it.

There is a famous black hole in my area. Your benefits run out and then there's a period of time when you have to go on welfare. For many workers in the fish plants in the Acadian Peninsula that's a reality. They send them back to school to sit on school benches and do little things that are not very constructive as training. We have to start looking at that type of training money in order to get them trained properly with some constructive training, not this type of work where people go and sit down on benches because the system doesn't allow them to have benefits for that duration of time.

These are the types of things we have to look at. We have to look at these things before we even start talking about spending that surplus elsewhere. Basically, that's what we're saying.

Designing training programs, like I stated earlier, shouldn't be considered a subsidy. We have to start designing programs in terms of apprenticeship training, in terms of job loss, and in terms of unemployment insurance. We should be more progressive when we are looking at pregnancy, parental leave, sickness benefits,

compassionate leave, and these types of things. We have to be more generous in that before we start even thinking of taking this fund, reducing benefits, and using it for purposes other than what it was intended for.

That would be my opening statement. I thank you very much.

● (1535)

**The Chair:** Thank you very much, Mr. Gagnon.

From the Building and Construction Trades Department, AFL-CIO, we have Mr. Blakely. Will you be doing the presentation?

**Mr. Robert Blakely (Director of Canadian Affairs, Building and Construction Trades Department, AFL-CIO, Canadian Office):** I will.

Thank you very much for the opportunity to be here.

The building trades department is the umbrella group for the 14 construction unions in Canada. Construction is Canada's largest industry. Nearly a million are directly employed in construction, and construction accounts for 14% of Canada's GDP. Sixty per cent of Canada's apprentices are found in the construction industry, but we're an industry that's greying out in terms of numbers. The demographic time bomb a number of Canadian institutions are facing is faced by the construction industry.

Our work, whether it's characterized as cyclical or seasonal, has an EI component in it. In a general way we agree with the labour positions that have been put forward to you, but our industry, Canada's largest, is one that's unique. Our training is front-ended. Apprentices serve 1,500 hours working on the job and 300 hours a year in each of four successive years in school. Upgrading, graduate-level training, and technological training are delivered by our training trust funds under our collective agreements.

Our industry is driven by the business cycle. It's resource-based. Either infrastructure or resources create a climate where both employers and employees are transient. It isn't one employer for a lifetime; it's one trade and hundreds of employers, perhaps, in a career.

In this day of a kinder, gentler way of talking about unemployment insurance or employment insurance, I think it's really important to remember what insurance is: a contract of indemnity against a foreseeable event. The foreseeable event in these circumstances is being out of work. That is a concept that needs to be at the front of people's minds when they examine this particular issue.

The current system, I think, is akin to a tax. Money goes into direct general revenue. A fair amount of the surplus that has been generated over the last little while is generated by EI.

I suppose we're prepared to be tolerant of that. If government isn't receiving money in this forum, there will be others, and we don't mind government generating surpluses. If surpluses are created, there's some room for us to argue for better benefits. There is no room to do that when EI is funded so closely to the line, funded to the penny. I guess I'm saying to you, Mr. Chairman and members of the committee, we don't care if there are surpluses if, first, EI is in fact insurance: if the foreseeable event occurs, people get covered.

If you were in the life insurance business, the fire insurance business, or the motor vehicle insurance business and you only covered 38% of your clientele, it wouldn't take a long time for people to catch on that it wasn't a good idea to buy insurance. It should be insurance, not roulette. The rules should not change to suit the economic or political policy of the day. In bad economic times the unemployed should get covered. They shouldn't be the casualties in the economic war.

We know the \$46 billion surplus that is often referred to isn't sitting in the Scrooge McDuck money bin just over on Bank Street. The government has used the surplus. We say to you, use the surplus but guarantee that in bad times the deficits there are in EI will be covered.

How should you use that money? First, use it for insurance purposes. In our industry there is a very practical use, and that use is mobility. If someone is on disability insurance through a disability carrier, the carrier will spend money on retraining or on modified work in order to get that person back to productive work. There are significant areas in this country where there are tradespersons who have been trained at the expense of the people of Canada, people the government has invested in, who are not able to get work. Meanwhile, there are other areas in this country where people are saying, bring us foreign workers; we need skilled tradespeople in order to build this province through this tar sands plant and this job.

Now, for the cost of an airplane ticket, we can move a construction worker from New Brunswick or Nova Scotia, where he's not working today, to the tar sands of Alberta, where he will be able to work. He will then be able to fund what's going on in his community and return to that community later, and that is much more desirable social policy, in our view, as well as being good economics. The money you spend on training in part II of the fund is valuable as long as it's real training. Apprenticeship training is real training that leads to real careers in well-paying jobs. We need you to continue to support apprenticeship through part II training.

● (1540)

We need you to support sector councils, people who help deliver training and develop national standards. We need you to develop benefit levels and improve those benefit levels. We need you to manage the surplus so that huge, apparent, notional surpluses don't always result. We would urge you, in rate setting and in developing what benefits are going to be, to do industry consultations with the industries that are involved. Our industry is significantly different from some others, and we may be able to deal on an industrial basis with our industry in a different way than other industries do.

**The Chair:** Well done, but I know the people you represent are used to having their jobs done on time. You did run a little bit over, but we're going to make some allowance there.

**Mr. Robert Blakely:** As long as there was no cost overrun, I guess it's all right.

**The Chair:** From the Mouvement autonome, Sébastien Duclos.  
[Translation]

**Mr. Sébastien Duclos (Coordinator, Mouvement autonome et solidaire des sans-emploi (réseau québécois)):** Good afternoon. I am the coordinator of the Mouvement autonome et solidaire des sans-emploi. First I would like to apologize: as I was unfortunately

unable to obtain the documentation in advance, my documents are all in French, for reasons beyond my control.

However, we would like to offer our condolences to Ms. Tavares, who, I believe, has lost a member of her family.

The Mouvement autonome et solidaire des sans-emploi represents 15 employment insurance entitlement defence groups in Quebec. These are groups that are spread across the province and that work with EI claimants on a day-to-day basis. They are thus aware of what the reforms of 10 years ago, those of 1990 and 1997, have done.

Since I didn't have a lot of time to prepare, I'll stick to our demands. For a number of years now, the people I represent have taken to the streets and demanded that we go back to an employment insurance system that compensates people who have lost their jobs. We have set our eligibility threshold at 350 hours. We want a minimum benefit rate of 60%. A number of people in our movement are demanding more, but we've set the bar at at least 60%.

With regard to benefits, we demand a minimum of 35 weeks of benefits. I'll explain why. In fact, one part of the Quebec economy, particularly in the northern regions, consists of seasonal industries. I want to emphasize the words "seasonal industries", because it's not the workers who are seasonal, but the industries. At the current benefit rates and number of weeks, we find that there are people in what's called a black hole, that is to say who, for a certain period of time, have access to no income, unless they're on employment assistance, which, if you will, is the last safety net in Quebec. However, eligibility for that assistance isn't great either. As a result, there are people, on the North Shore, among others, who are running out of resources. We're told this is the last straw. So we're here to tell you that things have to change.

However, we've been saying this for years now, and the auditor has been saying it for years as well. So I don't understand why people would listen to us more today than in previous years. But, the fact I'm here proves I have a minimum of faith in the matter.

I'll stop there. That was brief, succinct, but, if you want more information, I can always send you the documents. In fact, we've consolidated all our demands in a homemade bill that I've brought here and that contains figures. Those figures could raise a lot of eyebrows, but we could always discuss that at another time.

Thank you.

● (1545)

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

**Mr. Yvon Godin (Acadie—Bathurst, NDP):** Mr. Chair, could he submit his document to the clerk? She could have it translated and then distributed to the members, please.

[English]

**The Chair:** We can make arrangements for that.

From the South-East New Brunswick Committee for Changes to Employment Insurance, it's Gilles LeBlanc.

**Mr. Gilles LeBlanc (Fish Plant Owner, South-East N.B. Committee for Changes to Employment Insurance):** Thank you.

I'm with a committee that has been working for the past two years to try to find a solution to a major crisis in southeastern New Brunswick. Two years ago in December the federal government basically raided up to 12 companies in southeastern New Brunswick, small family based companies, concerning our practice of banking of hours.

What came out of that is that initially they told us it would be an educational exercise because after the changes in 1993 and 1997, people had not understood that they did not need to bank any more. Eventually it turned into a threat of \$12 million in fines and paybacks. After meetings with Jean Chrétien, Jane Stewart, and several other ministers and a lot of hard work, it was reduced to the employees not paying anything but the companies having to reimburse \$3.2 million to the government in what was calculated as overpayments.

We challenge the way the calculations are made. Our type of industry consists of extended seasonal industries that run from April or May up until December, creating small weeks into the peaks of seasons, and we can even prove that the banking of hours is caused not by any design on our part but by the nature of the fishing industry.

It's hard to condense this into five minutes; we have a lot of information.

The causes of small weeks are many and varied, and some of them come from our own federal government, with seasons that are imposed on the fishing industry or methods of catches and what not. The weather is another factor, and there are many other factors.

What we've done over the last two years is to work on trying to find solutions. We feel most of the solutions would be revenue-neutral, but there may be some that could be a cost to a federal government.

To try to be clearer and briefer, I would like to show a few graphs that are worth, as they say, a million words. Hopefully, the technology works.

Basically, the existing EI system was developed initially for full-time salaried employees who lose their jobs but find other jobs like government or company jobs. So you would have a steady and relatively high income; then you'd go off and find another job. In the meantime, you would get EI benefits between the two jobs, the calculation based on the total income, which was very steady. The other type of industries that happen are seasonal, intensive, short-term industries, where you'll have maybe nine weeks and then five or six weeks of intensive production. The employees will have different incomes but at a level that is high enough that if there are enough weeks and the level is high enough, you'll have a reasonable EI income for the rest of the year and people will be able to make a living. That is shown a little bit by the graph here, where the EI would be the red line. It permits people to make a living.

The problem is—and this is an actual graph of the weekly workforce at my company—you have very high, concentrated peaks of maybe 70 hours, and then it goes down, up, down, and it rotates.

The problem is, if you calculate using the formula that's been devised by somebody who doesn't have to live through these types of situations, then a person who accepts all available work in these conditions will have a low average and a low annual income because the benefits during the off seasons will be based on the lower average. This is just an example, showing that if the 14 highest weeks were used, the average would be higher and the income over the off season would be higher.

● (1550)

I don't want to go into details at this point, but that's it in a nutshell.

The committee has looked at this and we have found solutions. We have proposed solutions. Some are based on total annual hours or total annual revenue, and some are based on the 10 or 14 best weeks, depending on the economic situation of the region. We know the problem. We know the solutions. What we don't know is if the government is willing to listen and take action on this.

Actually, what is happening is that we have an EI system that creates a disincentive for people to accept all available work. What is happening is that we have people forced to refuse work in order to have a reasonable income in the winter months, and we have several examples involving real people.

We can have two employees working in the same operation, one next to the other, where one only works the 14 peak weeks and the other comes in every day she's called to work. The second employee will have a revenue of about \$4,000 a year less—this is real, not fictional—than the income of the person who only works the 14 weeks. So one person works 30 weeks, accepts all available work, is there all the time, is very loyal to the company, is very loyal to the job, and is an expert at what she does, and the other person, who does not accept all available work, is rewarded with a higher income. The more you work under this regime in these types of situations and these types of industries, the less you make. We can prove this with very real situations.

We do have solutions. I can't go into—

**The Chair:** Thank you very much. I'm sorry, we've allocated five minutes for each of the representative groups.

Maybe we can get him in and get him to make a statement during one of the answers to questions from members.

Thank you for your intervention, Mr. LeBlanc.

From the Study Committee on Seasonal Work we have Normand Carrier.

[*Translation*]

**Mr. Normand Carrier (President, Study Committee on Seasonal Work):** Thank you, Mr. Chairman.

Allow me to begin by thanking you on behalf of the members of the Study Committee on Seasonal Work for inviting us to present our point of view on improvements that should be made to the employment insurance plan. Needless to say, these improvements would enhance the quality of life of our seasonal workers.

Our committee has been meeting since August 2000 and has been doing so quite frequently in order to assess the phenomenon of seasonal work in northwestern New Brunswick. Our mandate is primarily to identify short- and long-term solutions that might in some way improve the situation of seasonal workers and give them a quality of life comparable to the quality of life enjoyed by those employed in other sectors of the economy but are not seasonal workers.

It should be noted at this point that our northwestern region has four seasonal sectors: forestry, agriculture, tourism and construction.

As part of our study, we felt it was appropriate in May 2001 to submit a full, detailed report to Jane Stewart, then Minister of Human Resources Canada. That report not only contained tables, statistics and findings, but also made some 15 recommendations pertaining to some of the regulations governing the employment insurance plan.

In April 2004, our committee was invited to make an oral presentation to the Liberal task force set up by Prime Minister Paul Martin. Having reaped the benefit of three additional years of research and evaluation and drawing on this new experience, we decided to submit the same 15 recommendations that were presented in May 2001. If you wish, copies of our study and presentation are available for your committee, in English and in French.

However, because of the amount of time we have been allowed, all I will do here is present two of the 15 proposals, the ones we feel are most likely to have a positive impact on our seasonal workers.

First, in January 1997, the federal government decided that insurable employment would be calculated in future on the basis of a minimum number of hours rather than a minimum number of weeks. The new rule stipulated that a claimant who was not a new claimant would need between 420 and 700 hours to qualify for employment insurance. However, new claimants would need 910 hours of insurable employment to qualify.

According to our studies, the requirement of 910 hours of insurable employment has negative consequences, especially on women and youths. Moreover, the 910-hour requirement is a major disincentive for people who are considering a job in agriculture, forestry and other sectors in which employment is seasonal. It is near impossible for these people to accumulate 910 insurable hours in those sectors.

And given that seasonal work is essential to our economy, it goes without saying that succession is compromised and the rate of success in recruiting seasonal workers is almost zero.

For all these reasons, the committee recommends that, in order to qualify for employment insurance benefits, seasonal workers, whether or not they are new claimants, should only be required to meet the eligibility criteria applicable to all other workers in the region in which they live.

Our second recommendation pertains to the method used to calculate the weekly amount of a worker's benefits. Our committee realized that the hourly pay from a second off-season job is, in most cases, far lower than the pay a seasonal worker earned in his or her "regular job". Simply because of that lower hourly rate, future

benefit amounts are sharply reduced and are reduced for the entire benefit period.

• (1555)

Our committee also found that the current method of calculating benefits provides no incentive for seasonal workers to look for a job in these conditions. On the contrary, the phenomenon encourages black-market work or "banking" of hours. Our study committee therefore makes the following recommendations.

We recommend that the best 14 weeks of insurable employment be used to calculate the amount of a claimant's weekly benefits. We also recommend that the total number of hours worked in insurable employment be taken into account in establishing the duration of benefits. What this means is that not just the hours worked in the 14 weeks, but all hours worked, would have to be taken into account.

I remind you that this method of calculating benefits is not new; in 1983, Bill C-156 authorized the Employment Insurance Commission to calculate the benefit rate of seasonal fishermen based on the 10 best fishing weeks for those with at least 15 weeks of insurable employment in that seasonal sector.

In closing, I would like to thank you for your time and attention. We would be glad to answer any questions you may have. Thank you.

• (1600)

[English]

**The Chair:** Thank you very much, Mr. Carrier.

We'll proceed with the first round of questioning, which is a seven-minute round. Colleagues, I'm going to keep you pretty tight to the clock today. I'll give you notice with about a minute left that we want to wrap things up. And as well, I'll take this opportunity to remind you that your seven minutes in the first round includes both question and answer.

From the Conservative Party, Mr. Van Loan, seven minutes.

**Mr. Peter Van Loan (York—Simcoe, CPC):** I'd like to ask this of both Mr. Blakely and Mr. Gagnon. In terms of the operation of the fund, with the surplus we have to deal with right now and its go-forward situation, would you be happier if it were a segregated fund? Is that something we can all agree on?

**Mr. Robert Blakely:** The purpose of the accounting for me is relatively meaningless. If it's a notional allocation in the books of the Government of Canada, I don't care. I just want there to be money there to pay the benefits when the benefits come due. Moving the money into a trust fund and trying to work it in that respect will work very well as long as there's a surplus, but when the fund doesn't have money, what are we going to do then? We can live with its being part of general revenue as long as the money is available when our members apply for EI.

**The Chair:** Mr. Gagnon.

**Mr. John Gagnon:** I think it has to be a segregated fund; it has to be a fund apart. There's \$46 billion that was gathered primarily from workers and companies. The government stopped paying into this fund many years ago; they don't contribute to it any more. I think it's unrealistic for the government to take this fund and put it in the general account. According to my perception of it, the government ended up paying the debt and many things such as government programs that have nothing to do with UIC.

As has been announced, the perception is that many of these surpluses were made on the backs of the workers. Therefore, this fund has to be separate. It has to be at arm's-length from the government, and also the key stakeholders have to be involved in administering this fund. We feel very strongly on that point.

**Mr. Peter Van Loan:** I'll try Mr. Blakely again.

We keep track of the amount; it's \$46 billion. I would make the argument that you keep track of the amount by law for a reason, and while the argument that the money is gone may in fact be true, there has to be a policy reason for keeping track of the amount. We have kept track of the amount, \$46 billion, and everybody tells us that's over three times what a proper reserve fund has to be. If the government was required to top up the reserve fund and it operated on a go-forward basis, wouldn't it be easier to keep those surpluses from running up the way they have in recent years if it was treated as a trust?

• (1605)

**Mr. Robert Blakely:** If it was treated as a trust and set up with an arm's-length, industry-driven board to look after investment and to be charged with the administration of it, that's certainly not something that's foreign to us, and it is something we could also live with. We manage our pensions, we manage health and welfare, and we manage education in our industry. Could we manage this one as well? Sure.

I understand the issue of the notional allocation. Is it the best system in the world? No, because I think the perception most people take is that there is a money bin with the \$46 billion in it and the government is just waiting to use it for something. That really isn't the case.

[Translation]

**The Chair:** Mr. Lessard.

**Mr. Yves Lessard (Chambly—Borduas, BQ):** I'll continue with Mr. Blakely, with your permission.

I want to get a clear idea of your thinking. I think you'll agree with us that the fund is currently constituted by contributions from two groups, employees and employers. The government hasn't contributed to it for a number of years now. So the fund is constituted from money from employers and workers.

You say that the government can also continue using it in the general fund. I understood that. Am I also to understand that it can now do what it wants with amounts accumulated in the past?

[English]

**Mr. Robert Blakely:** I don't think you should take me as saying that, sir. What I was saying is this. The money is being treated as part of the general revenue of Canada. If it's there as part of a surplus and

it is used, it needs to be accounted for. It needs to be accounted for such that when workers are unemployed, there is money there to meet the bill that is presented to pay them their unemployment insurance. The mechanics of how the fund will operate aren't important to me.

[Translation]

**Mr. Yves Lessard:** To be clear with you, a number of stakeholders think that this money is owed to employers and employees. Do you agree with that?

[English]

**Mr. Robert Blakely:** I suppose you're asking me a question of law. The answer is, once it's paid into the general revenue of the Government of Canada, it belongs to the Government of Canada. The sense that we contributed that money through our work or that our employer contributed it on our behalf is notional at best. It's not our money the government is holding once it goes into the general revenue of the government.

[Translation]

**Mr. Yves Lessard:** Whose money is it? You say it isn't ours. For example, we agree that the \$46 billion surplus in the employment insurance fund comes from employers and employees. I don't mean to attribute something to you that you don't mean; I only want to understand your thinking. That's important for us because it will guide us in the recommendations we make to the government.

Does that money belong to workers and employers, or are you now saying it belongs to the government?

[English]

**Mr. Robert Blakely:** If you're asking me if the government keeps an account for each worker in the country and if I have a sum of money to which I am somehow entitled, I think the answer is no. If I have made a contribution into employment insurance and I qualify under the rules, should I be entitled to a payment in the event the foreseeable event takes place and I lose my job? The answer is yes, I should get a payment. Is it my money? I don't think so.

[Translation]

**Mr. Yves Lessard:** Should this money be kept in reserve for future benefits, since it belongs to workers and employers?

• (1610)

[English]

**Mr. Robert Blakely:** Well, I haven't characterized the money quite that way, but if the money is kept in a fund separate and apart, it should be one that is administered appropriately by industry, with government oversight. We would be happy to see that. We would be equally happy to see the money in the general revenue of the Government of Canada so long as the money is available when our people are unemployed.

[Translation]

**Mr. Yves Lessard:** My question now is for Mr. Gagnon and the other presenters.



I understand that it's clear in your minds that this money belongs to the two groups that contributed to the fund. How should the government give that money back to the people who contributed to the fund? In your mind, is the contribution already made to the general fund all right, or should it come back, in other forms, to the people who contributed to the fund, that is to say to workers and employers?

I note that Mr. Gagnon was accurate in his remarks earlier on the accumulated fund. He said that the Auditor General had reminded us on a number of occasions that the way in which this fund was accounted for did not comply with the spirit of the act.

So how could that amount be recovered by the two parties concerned?

**Mr. John Gagnon:** As I said earlier, our position is very clear: we mentioned that the fund belongs to the workers and businesses that contributed to it. If anyone wants to give the money back, it can be given back to the workers.

There are a lot of problems with the employment insurance fund. As I said earlier, until 1999, 70% of people didn't qualify; now it's 30%, 36%. So the money isn't there anymore. If we listen to our colleague who says that the money's there, I agree, but we have to correct the problems that were caused when a regressive act was passed in 1994. People don't qualify.

Money should also be added to the appeal system, which doesn't allow enough flexibility. When workers leave their jobs for a valid reason, but one that isn't a valid reason under the act, they don't receive benefits. So there are problems with the fund, but there are also problems with the appeal system. What's needed are more flexibility and a definition that helps workers.

If you want to give this money to the government to pay down the debt and pay for programs, I claim it would be much better used if it were used to pay benefits to those who are entitled to them and who have debts to repay. I agree that the fund belongs to us 100%. It's our fund. So it should be administered by the partners who contributed to it, not by the government. It should also be a separate fund. I disagree with my colleague on this question 100%.

[English]

**The Chair:** Thank you, Monsieur Gagnon and Monsieur Lessard.

Monsieur Godin, seven minutes.

[Translation]

**Mr. Yvon Godin:** Thank you, Mr. Chairman. In 1986, the Auditor General suggested putting the employment insurance fund in the federal government's general fund. The government listened to him, thinking that it would be its cash cow for the future. However, the Auditor General has said for the fifth time that the government's way of doing this is virtually illegal. Is it legal? The fund is in fact at an unacceptable level. That \$46 billion belongs to workers and employers.

We can see that the two groups aren't happy. We heard fish plant representatives talking about their problems back home. The same is true on the Acadian Peninsula, in the northwest, for forestry, agriculture, tourism and construction. It's the same thing in Quebec. The North Shore, Gaspé and so on, it's all the same.

I'd like to talk about the fund for a minute and then I'd like to talk about the 14 best weeks. I'd prefer to have the 10 best weeks considered because of the situation of the fishery on the Acadian Peninsula. Couldn't we decide that the fund is separate? The reason is that, in that way, the government would no longer be able to draw on the employment insurance fund. Then it would perhaps grant better benefits. It doesn't do so because the fund is a cash cow. It's balanced its budget on the backs of workers to the tune of \$7 billion, \$2 billion, \$3 billion, \$5 billion a year. That's how it's happened.

What I want is a separate fund, the same premium rate and an improved employment insurance system. If it costs more, there's \$46 billion in the fund that the government should pay back to workers. It shouldn't do that immediately, but it could make a transfer from the general fund to the employment insurance fund when it's short of money, until the fund is used up. If there were no more money, the premium rate would then be raised. I haven't seen any workers demonstrating in the streets because premiums are too high. However, I have seen workers in the streets because they aren't entitled to employment insurance. In the southeastern part of the province, I've seen people in the streets because they can't accumulate enough hours. They have short weeks. We know when fishermen go to sea, but we don't know, when they come back, how much fish they'll have. We call that short weeks. I'd like to hear your reaction to my comments.

• (1615)

[English]

**Mr. Robert Blakely:** There are very few workers in this country who believe that if they work hard, pay their employment insurance premiums, and deal appropriately with various things, they will somehow not be covered when they're unemployed. There isn't a worker in this country who shouldn't be able to qualify for employment insurance, assuming they've met some reasonable minimum threshold. The best 14 weeks coverage needs to be there. The people who work in seasonal industries need to have a flexible system of EI that's going to cover them. The people in the fishing example, who have short weeks, need to be covered.

We have short weeks in construction as well. Say we have 10 people going to work at the power plant at Point Lepreau to do a shutdown. The welder who tests on Friday, shows up to go to work on Monday, works with the crew for the next six weeks, and then gets laid off actually gets less money than the people who work less time. Something's wrong with our system in that respect.

I think we spend a huge amount of time worrying about whose money it is, whether it's the worker's money or the government's. We need to worry about how we're going to cover people who contribute to the fund and ought to get covered.

[Translation]

**Mr. Yvon Godin:** I'd like to hear Mr. Gagnon's reaction.

[English]

**Mr. John Gagnon:** Again, it's not a question of whose money it is; it's a question of how you use that surplus to benefit the workers. I think that's what we're missing, and to do that you have to have a separate fund. It's not that employees lay themselves off; employers lay them off. They create that vicious cycle, with people saying there's an incentive or a disincentive to work.

Nobody seeks to go on unemployment. They seek full-time employment. Like I said in my opening remarks, the reality I'm hearing is not that. There's a structure here that creates seasonal work, not seasonal workers, like my colleague from Quebec says. That's a reality.

That's what we have to address with that surplus. The money in the surplus has to be used to alleviate some of these problems with the workers. Whether it's his money, your money, or whoever's money is immaterial. The surplus was paid by the workers and the employers; therefore, the surplus should come back to help get more people qualified, to provide higher benefits, and to alleviate the situation of black holes. Maybe we wouldn't have to bank hours if we had a properly funded unemployment insurance program that addressed the needs of the unemployed. That's the reality we live in many areas of our province.

Thank you.

**The Chair:** Mr. Godin, we can get comments. We have about a minute left.

[Translation]

**Mr. Yvon Godin:** First I'd like to address the question of the 14 best weeks. I know that the Liberal members of the committee have toured the country, and I congratulate them for that. However, there's one point on which I don't congratulate them, and that's the fact that they failed to visit the Acadian Peninsula. That region too could have shown them what seasonal conditions are. Do you have an objection to us recommending that the 10 best weeks, not the 14 best weeks, be considered?

• (1620)

**Mr. John Gagnon:** We don't think the fishing industry in the southeast is a problem. It could be proportionate to the unemployment rate in the regions. We think the 14 best weeks arrangement would work well. For our region, however, it's very important to consider two things. First, the fact that the last 26 weeks are considered, not the last 52, is a problem. Our seasons are longer, and for those who work the shortest weeks at the end of the year, this situation rules out the big weeks in the spring. If you look at the chart I showed you, you'll see we have big weeks in the spring, usually in May and June. The 26 weeks are a serious problem, which should be eliminated. It severely penalizes employees who work late in the season.

Second, a way must be found to reward those who accept all available hours of work. It could be related to the percentage, which has fallen from 66% to 55%. There could be a formula involving the percentage of benefits—if there are more hours, there are more benefits—especially in the regions where, as a result of the economy, a lot of work is available.

The fact is that, when they can't accumulate their hours, people work under the table, in sectors where they're paid cash, where they're given a lot of hours and where a number of types of jobs are available because the economy there is dynamic. In those circumstances, people have no reason to continue doing their usual jobs, when they can do better elsewhere.

Ultimately, as regards taxpayers' money, the system really doesn't work in the right direction. Once their weeks are worked, people tend to file for employment insurance benefits. When the seasons are long, they should be motivated to continue working all available hours.

[English]

**The Chair:** Thank you very much, Monsieur Gagnon and Monsieur Godin.

From the Liberal Party, Monsieur D'Amours.

[Translation]

**Mr. Jean-Claude D'Amours (Madawaska—Restigouche, Lib.):** Thank you, Mr. Chairman.

We agree on the fact that the situation varies depending on the industry, whether it be the forest industry, tourism or fisheries. I get the impression that was the point my colleague wanted to emphasize. That fact should be recognized.

Knowing that, I've discussed this question a number of times in recent weeks with my colleague, the member for Beauséjour. My situation more concerns tourism, forestry, construction and agriculture. I don't really know about the fisheries. Talking about that has enabled me to make some progress in my thinking.

I think I clearly understood what you said, Mr. LeBlanc, but I would nevertheless like to check. You own a plant, and the number of best weeks proposed would suit you fine. Is that correct?

Then I'd like Mr. Carrier or Mr. Gagnon from Edmundston—I make that distinction because there are two Mr. Gagnons—to give us some details on the question of the 14 best weeks. The idea would only be to explain how to make the combination taking hours of work into account in the process. I'd like to hear your comments, from both of you.

**Mr. Gilles LeBlanc:** Thank you, Mr. D'Amours.

Before handing over to Mr. Gagnon, I'd like to clarify one point. First, as you emphasized earlier, the 14 best weeks arrangement is suited to the kind of seasonal industries found in the northwest.

However, we agree with Mr. Godin on the 10 best weeks. We'd be prepared to adopt that formula if that were to satisfy fish plant workers.

In addition, as John Gagnon said earlier, if we were to opt for the 14, 10 or  $x$  best weeks, we'd have to consider the last 52 weeks.

Mr. D'Amours, I'm now going to pass the microphone to Paul Gagnon.

**Mr. Paul Gagnon (Director General, Chamber of Commerce, Edmonton Region):** I don't have much to add, Mr. D'Amours. I simply wanted to say, as Mr. Carrier mentioned, that we think it's not very important whether it's 10 or 14 weeks. The 14-week period essentially reflects our situation very well.

When we met the people from the Lower St. Lawrence, they suggested that the best weeks coincide with the denominator prevailing at the time of the calculation. We're ready to live with that situation. One thing is really important for us: that the current way of doing the calculation, which only takes the last 14 weeks into account, be abolished.

As you know, that's a double hit for workers. On the one hand, they're required to work for distinctly lower wages than they would earn in their usual jobs and, on the other hand, that situation significantly affects their benefits when they file an employment insurance claim. Ultimately, workers are penalized twice.

If we want to eliminate this discouraging factor, it will be much easier to convince workers to find a second job or to work longer. For the moment, they're not interested in doing that, since they're penalized. That's essentially what we wanted to say through our recommendation.

• (1625)

**Mr. Gilles LeBlanc:** Mr. D'Amours, you also asked a question about hours. I think we talked about that in our recommendation.

For example, let's suppose we opt for the 14 best weeks and that a person has worked 50 hours a week. If you consider only the 14 best weeks and the hours worked during those weeks, you obtain a total of 700 hours. The number of hours worked helps determine the duration of benefits. However, a person may have worked 15 or 18 weeks. If those hours aren't considered, but only those worked during the 14 weeks, the claimant will be entitled to far fewer weeks of benefits. Once again, we encounter a black hole.

We therefore propose that the 14 best weeks be considered in calculating the amount of weekly benefits, but that all the hours worked during the work period be considered in determining the duration of those benefits.

[English]

**The Chair:** Is there anybody else who would like to add to that?

**Mr. Rodrigue Landry:** I was co-chairman of this committee that started working on trying to find a solution to this problem two years ago, when we were launched with an investigation by the government.

I think we can all agree that best weeks, whether 10 or 14 weeks, would work. The problem is that nothing's being done yet.

I'd like to read you a letter showing what our current law is doing to employees right now:

In January 2002, I opened my claim with 1,227 hours accumulated between February 5, 2001 and January 12, 2002. My half cheque with the EI benefit was a sum of \$394, minus \$63 of federal tax, for a total of \$331. In January of 2003 I opened my claim with a total of 1,294 hours, accumulated during January 7, 2002 and December 14, 2002.

Since I had accumulated more hours in this year, I assumed my EI benefit cheque would be more than the previous year. Was I ever wrong. I received my first EI cheque in the week of February 2, four weeks after filing my claim. Nonetheless,

my half cheque was only for a sum of \$208, minus \$15 in federal tax, for a total of \$193. That's a difference of \$138 per week, \$276 biweekly and \$552 monthly.

I went to the local EI branch in Shédiac and they told me that my claim was reduced drastically because I had worked eight to nine hours in some weeks. Because I accepted this work and because I was willing to work, I am being punished by a system that encourages people not to work.

I am simply outraged that such a system that is there to help people in off season of the fish plant industry would punish me for accepting work. Isn't that one of the conditions for being on EI, that I have to accept work? Why should I accept work from now and if it's going to hurt me and punish me for following the law and conditions?

What kind of system punishes people who are willing to work and threaten them to lose their benefits if they refuse any work? Some change needs to be made immediately. I don't know anyone who is willing to lose \$552 a month, whether he is on EI or receives a fixed salary for working for the government, but this is a reality all that I will have to live with.

If this happens to me, that means that it has also happened to someone else, and it shouldn't. After all, we are just trying to live each day. But now my life will be severely affected and I'm facing the reality that I might not only have the money to pay my bills, all because of what, because I am an honest, hardworking man who accepts work. Please don't tell me the current law is there to help people in need, because it sure wasn't there to help me. I am certain that it's—

• (1630)

**Mr. Peter Van Loan:** I'm trying to understand the suggestion of the 14 best weeks argument. If I were somebody working in retail, say, and I was faced with 14 best weeks, I think I'd probably say to my employer, "Give me 60 hours a week one week and then 20 the next week, and that's how I'd like to work my job". That way I can come up with 14 pretty good weeks and get a lot more EI at the end of it. Is that the kind of abuse that might happen?

I'll ask the gentleman who just spoke.

**Mr. Rodrigue Landry:** I don't think you're going to have that much abuse, because if you added to that system, the more hours you work the better... your percentage, the 55%, you could increase that to 60% if you worked more. Well, if you work more, the government is going to pay you less money, but increasing the percentage a little bit by a little bit is going to encourage workers to work more hours. So, no, they wouldn't abuse the system if you put that in the law, the best 14 weeks. The more you work, the better percentage you're going to have.

**A Witness:** If I could, I'll interject one second. A question that could be asked of the gentleman who just posed that question also is, do you think Canada would be better off without seasonal industries? I think that has to be answered.

To try to protect Mr. Walton of Wal-Mart, with the way he pays his salaries, and to use those arguments to discredit the legitimacy of people earning a decent living in rural areas, where the only industries they do have sometimes are seasonal—agriculture, fisheries, and tourism industries—and they don't have the luxury of skipping around from job to job as they do in the cities... I believe that's an argument that's well used, and probably a little overused, but it does not reflect an understanding of the realities that are happening across Canada. It's something that's very common in Toronto, Ottawa, Calgary, and Edmonton.

**A Witness:** I'd like to make a comment on what the gentleman just mentioned about the best 14 hours and the incentive for somebody playing the system to get good work in a retail industry.

The reality in a seasonal industry, in the fish plants, is that people can't do that. The employers decide if the fish comes in and when it comes in. They have to get the hours, and some days—the gentleman was talking about banking hours—it's many hours in a day, while other days they have no hours, so you don't have that luxury. The reality is that you need those best 14 weeks. You need to pick up a good 14 weeks so you can get a half-decent unemployment cheque, as was just mentioned, and also avoid those black holes. Those are devastating to many workers because they fall through the cracks and end up going on welfare or make-work projects that are not conducive to... anybody. That's the reality in this industry.

Now, if you're comparing that to what your industry is, retail work and a full-time job, yes, it's possible. Is it probable? I don't think it's probable, but it's possible. It's definitely not possible or probable in our seasonal work in this part of the country.

Thank you.

• (1635)

**Mr. Robert Blakely:** This short-week problem is a construction problem as well. Generally, you can't organize a construction job and tell someone to work 60 hours this week and 20 hours next week because the person who's waiting for his garage, his barn, or whatever has no sense of humour on that. Nor do they have any sense of humour if you have an outage in the power plant and the people down the road are saying, hmm, I'm getting tired of candlelight.

The long and the short of this thing is, if someone can organize his business to abuse the EI system, maybe we can find better ways to fix the abuse. There are a lot of people who don't abuse the system who work more and get less. That seems to be contrary to the spirit and the idea behind employment insurance.

**The Chair:** That's pretty much five minutes, so thank you, Mr. Van Loan.

Monsieur Lessard.

[*Translation*]

**Mr. Yves Lessard:** The system is indeed not made for the minority of people who can try to take advantage of it.

Everyone can see one thing: 60% of unemployed workers who would have been entitled to unemployment insurance in 1995-1996 are now excluded because of the new rules.

In view of the fact that we're mainly here to listen to you, to try to form an opinion based on your experience, I'd like to hear what you have to say, in turn, about the means you haven't yet used and that would enable people to make better use of the employment insurance fund. How could the rules be amended to make them fairer and achieve the fund's true purpose?

Perhaps we could start with Mr. Carrier or Mr. Duclos, because we haven't heard much from them until now. Then the others may want to speak if time permits. I'm ready to give you my five minutes so that you can speak on the subject.

**Mr. Sébastien Duclos:** Thank you.

In fact, we're focusing on eligibility. We're seeking eligibility of 350 hours. I'd like to come back to the questions asked earlier on which I didn't have a chance to speak.

When we say independent fund or a fund in the consolidated fund, it's as though a person in the system took a box of cookies that was sitting on the counter and decided to put it in the fridge to ensure it's a little higher. In our minds, no matter whether the fund is consolidated or independent, from the moment it's used to pay benefits, we're in favour of it.

We're also in favour of higher premiums. We're seeking a minimum of 35 weeks of benefits. We're aware that would sharply increase program costs, and that's why we would use the \$46 billion. The government should resume contributing to the fund because it's important that it acknowledge its responsibility for unemployment, which is not the workers' responsibility or, in some cases, that of industry. I think that, if nature prevents people from working, the government must shoulder its responsibilities.

I won't take any further time. I'll let the others speak, but I appreciate being able to give my opinion.

• (1640)

**Mr. Normand Carrier:** Mr. Lessard, I have to talk about the situation in northwestern New Brunswick. Our economy is based on quite seasonal businesses because we exploit natural resources, fishing, forestry and agriculture. When people decide to get jobs in that kind of industry, they accept that their work won't be permanent. As someone said earlier, the climate determines whether work is seasonal. You don't fish or cut trees in January; that's obvious to everyone.

So that means that this is a recurring phenomenon for this group of workers. Year after year, these people periodically find themselves without work. Either they go on welfare or they find a second job. However, it's hard for them to find a second job because most of these people, with all due respect, don't have a lot of education. Consequently, a second job is low-paying for those people, compared to their first job, in forestry, for example.

They work 50 or 60 hours in the forest, they work very hard, but they also earn good income. It's that good income for 14 or 15 weeks in the summer that helps them get through winter without having to work for 50 percent of their summer wages. That's what we're asking.

I know there are more than 360,000 unemployed seasonal workers in Canada, many of whom, as might be suspected, live in eastern Quebec and the Maritimes. But there are nevertheless more than 300,000 unemployed workers.

Sooner or later, the government will have to make a decision whether to accept seasonal industries in our economy. If it does, you have to have the means to help those people in the off-season. I think that's a social decision.

[English]

**The Chair:** Merci beaucoup. That's five minutes. We will allow for a one-minute wrap-up at the end.

Monsieur Yvon Godin for five minutes.

[Translation]

**Mr. Yvon Godin:** Thank you.

Mr. Landry, you started reading a letter that very much interests me. I'd like you to use my speaking time to finish it, please.

[English]

**Mr. Rodrigue Landry:** Please don't tell me the current law is there to help people in need, because it sure wasn't there for me, and I'm certain it's not helping others who are in my situation. There need to be some changes made in the system in the immediate future to ensure everyone has a reasonable quality of life and to ensure people don't live under the poverty line.

[Translation]

**Mr. Yvon Godin:** Thank you, Mr. Landry. I can understand that you're a worker because you filed a claim for employment insurance benefits and you were penalized.

Let's talk about the current system of 52 weeks that many people in the fishing, logging and tourist industries are familiar with. Let's take the example of a region where you need 420 hours to be entitled to employment insurance. To account for those 420 hours, you take the last 52 weeks. However, to calculate benefits, you take the last 26 weeks. That's not realistic, particularly in the fishing industry. There's a crab and lobster fishery in certain regions in the spring and the herring industry in the fall. So there's a period of inactivity in late June, July and early August until after the Fête des Acadiens. Then there's the herring fishery. That's where people are penalized and that's where going to work constitutes a penalty. It's not employees who refuse to go to work, it's the industry that provides no work. As they say, you know when fishermen go to sea, but you don't know when they'll come back or how much fish they'll have. There's a lack of control and employees are penalized. Do you think, as I do, that the problem stems from that?

•(1645)

**Mr. Rodrigue Landry:** That's right. Here's another example. This fall, we're fishing a lot in the United States. In September and October, there was a hurricane nearly every week. How could an employer predict how much lobster he'd catch during the week, when he didn't know whether another hurricane would hit the following week? In fact, he sat down with his supervisors every week and wondered whether or not he was going to keep his crew the following week. Would there be a hurricane during the week?

Let's take this example. In the end, he decides to keep his crew. On Monday, they do their work. On Tuesday, they're still working. On Wednesday, there's a lot of wind in the United States. On Thursday, Friday and Saturday, they don't work. Employees who decided to stay at home weren't penalized, but those who were loyal to the company and accepted three days of work were penalized. You're penalized when you accept work. You shouldn't be penalized, whether it's for one day or six days. That's unacceptable.

[English]

**The Chair:** You have about a minute left.

[Translation]

**Mr. Yvon Godin:** Let's look at the number of weeks that some people call the grey hole, but that we call the black hole. What does that mean for your employees?

**Mr. John Gagnon:** If you think about our present situation in the southeast, the black hole is not a problem. There are enough weeks to qualify. The problem is more the need to find a formula that will enable employees to work every available hour without needing to save them up. The principle we would like to see at work is this: the more you work, the more you earn. The reverse is more true right now. This is a principle that works poorly. It's the situation we have in the southeast because, for the past 10 or 15 years, our materials have been imported from everywhere. The industry and international sales are going strongly, and the seasons have been extended. We used to work until October; now we work until December.

Our company has extended its season by three months, and the black hole isn't a problem. The problem is keeping employees when work weeks aren't full.

**The Chair:** Thank you.

Mr. D'Amours, over to you.

**Mr. Jean-Claude D'Amours:** I'd like to come back to a point made at the start of the presentations. I'd like to hear your comments. If I remember correctly, you talked about eliminating the divisor. I'd like a few more details on that subject, please.

**Mr. Normand Carrier:** Mr. D'Amours, if the government agreed to consider the 14 best weeks, or the 10 best weeks, as Mr. Godin wishes, the divisor would disappear. Total earnings from the 10 or 14 weeks would be divided by 10 or by 14, and that would yield average earnings.

The problem we currently have is that, if the unemployment rate is low in the region when a seasonal worker files an employment insurance claim, the divisor is increased. Most of the time, seasonal workers, in the northwest in any case, can work a maximum of 15 or 16 weeks in the forest, unless they have specific jobs. In the forest industry, you work 14 or 15 weeks in the season.

After working 15 weeks, if they file an employment insurance claim and the divisor is 18, for example, they take the total from their 15 weeks and divide it by 18, which doesn't at all yield a weekly average. It yields a below-average amount. The calculation of their employment insurance benefits is based on this new figure.

If you have any other questions on the subject, I can continue.

•(1650)

**Mr. Jean-Claude D'Amours:** I think you've given a very good answer. I'd like to discuss another subject, because I know I only have a few minutes left.

I'd like to discuss a situations that's hard to understand in certain respects, but that I understand well. I'd like to have the comments of all of you on this subject. It concerns training.

I think it's very important for people to be increasingly trained in their industry. However, I don't think it's realistic to offer people training to get them out of seasonal work. The fact is we need seasonal work, people who work in this sector. There's no food without agriculture or fishing, or wood or paper without forests, and so on. My position on the subject is that training is necessary, but necessary in the work place, not in order to relocate people.

**Mr. Normand Carrier:** I can comment on training. In our case, when the crisis hit us, a committee was struck and experts conducted a study. Initially, one of the proposals that was often made or put forward was that employees should be trained in order to find them real jobs. In our industry and many others, the situation is that people have been working there for 15 or 20 years. They are fish processing experts. They are highly qualified for what they do. They're not trying to get out of the industry. They work very hard and they work enough hours during the seasons that make a complete cycle.

Based on my experience, for most employees, it's not realistic to train them to change industries. At first, we were told that our people should take training to go and work in other industries. But, in many cases, hourly wages in other industries aren't as high.

People could perhaps work year-round at Wal-Mart or in industries like that. However, in southeastern New Brunswick, the nine companies that were hard-hit represent international sales of more than \$300 million for the small part of southeastern New Brunswick, which is rural. Yes, we're near Moncton; yes, people can drive 45 minutes to work at Wal-Mart, but the fact is that there's a fishing industry in that region. Before doing away with it and doing away with our labour force by training it to work in other industries, we should nevertheless go a little further and ask some questions. If we can train everyone in the fishing industry to do something else, what will happen to the fishing industry in Canada? Are we going to abandon all our fishing rights to Spain, Russia and other countries? What are we going to do exactly?

There was a company in Dieppe that manufactured electronic computer components and that wanted to hire all the fisheries employees because they were good workers. We had trained them well; they worked well with their hands. They went to work for the company, but that lasted about three years. Then the company left. I don't know where those employees are now, but we lost them.

**Mr. John Gagnon:** I'd like to talk a little bit about training as well. My name is John Gagnon, and I'm from the New Brunswick Federation of Labour. I think that...

[English]

**The Chair:** Mr. Gagnon, could you hold that for your summation? We're going to ask each of you to take about one minute just to sum up, because we're almost out of time.

We will start off with Mr. Gagnon. You have about one minute.

**Mr. John Gagnon:** I want to talk again about formation and training. It's important that before we enter that stage we make sure that structural problems in unemployment insurance are addressed, and then we can go into the training aspect of it.

The training shouldn't be for a seasonal industry, but to train them to go into other jobs. It should be to train them to do second and third transformation of our natural products, so we can have them work

year round and not seasonally. That's the idea that should be done in our area.

I want to talk about the economy; that's a very important part of it. It has a very, very negative impact on our economy. Since 1994 to date, we're talking about almost \$100 million a year, if not more, coming out of the economy because of the cuts. That's very important for a businessperson to look at—it's tax dollars that could be reinvested in the property.

The social cost is also very important; it has a very dramatic social cost. Many people who work seasonally live below the poverty line and are living in poverty. In 1989 we talked about a resolution to eliminate child poverty. We have to remember there are poor children and poor families who lack an adequate income. That's the reality in our area.

The other thing I want to talk about very briefly is the whole appeal process, where there is no fairness in the system. We have people quitting jobs for good cause, but it's not just cause under the act, and they're being penalized. We have people quitting their jobs to go back to school for training—and we're talking about training. Unless they're referred by unemployment insurance, they're cut. So we have to invest some of the surplus into that system. We can fix all the structural problems we want in unemployment insurance, but then we are still going to have the problem of people being denied by an unfair appeal process.

• (1655)

**The Chair:** Thank you very much, Mr. Gagnon. I appreciate your comments.

Mr. Blakely.

**Mr. Robert Blakely:** If the fund goes to the general revenue or to a stand-alone fund, we don't care, as long as the money is there to pay benefits. If you're going to a stand-alone fund...larger industry groups, because one size won't fit all.

You talked about training. There are a significant number of trained people Canada has invested in. Spend some money in EI and move them to where there is work. That's in our industry of construction.

As for the best 12 weeks, best 10 weeks, or best 14 weeks, whatever you see, dump the divisor rule; it punishes people who actually take all available work.

[Translation]

**Mr. Sébastien Duclos:** In fact, if an independent fund is established, we'll have to beware of privatization and ensure that it isn't administered just by the industries. In fact, I won't reiterate our demands. However, I think it's unfortunate that, in a committee such as this, you don't have more opportunity to speak when you're a businessman and someone who defends the people, who, unfortunately, because of this system, find themselves in a miserable situation. Thank you.

**The Chair:** Mr. LeBlanc, over to you.

**Mr. Gilles LeBlanc:** I apologize if I spoke too much, but I was asked to represent the committee, which consists, to a large degree, of employees. There are 200 persons or employees working for me, and I'm quite familiar with the problems. I apologize.

I'd like to state my conclusion.

[*English*]

I believe the widespread perception in Ottawa that the fishing industry is dying and that workers must be rescued is a fallout of the cod collapse in Newfoundland. Frankly, it is quite outdated relative to the processing growth experienced in other species and the dynamic nature of many fish companies over the last few years. While there are problems, it is important not to throw away the baby with the bath water.

EI policy makers could not foresee the intricacies of this evolving industry, where a degree of flexibility is needed in the EI regulations. Fish processing employees face similar problems as fishermen, who have a flexible EI system. While we don't expect a total revamp of the EI system, we ask for flexibility to support the industry.

The strong-arm crackdown on southeastern New Brunswick processing plants looks like a discriminatory application of the law. It's difficult to understand the origin, the motive, and the timing of this crackdown. It is well known that politicians and bureaucrats knew about the practice of banking of hours, and even encouraged it. In light of this, the government is in some ways responsible for this widespread practice.

In conclusion, please take this opportunity to bring about changes to the EI system that take into account the realities of seasonal work and eliminate the existing disincentives to accepting all available work. Government must recognize and understand that seasonal work is often the economic foundation of rural areas. Well-intentioned but misguided efforts to eliminate seasonal work will never succeed, unless we also eliminate the seasonal industries that

create the jobs. Canada's economy would be severely affected if all seasonal industries ceased to exist.

● (1700)

[*Translation*]

**The Chair:** Mr. LeBlanc and Mr. Carrier, thank you.

**Mr. Normand Carrier:** Thank you. Since New Brunswick as a whole has a fairly large number of seasonal workers—as does Canada, since it has approximately 360,000 seasonal workers—I think it would be important for certain insurance employment regulations to be amended to guarantee those workers a better quality of life. Otherwise we risk losing them. As Mr. D'Amours pointed out earlier, if we lose our seasonal workers, who will ensure that the products of these industries are collected? I'd like the two recommendations that we made a little earlier to be adopted. These changes should be made. If these actions were taken, along with others that some people are thinking of, that could greatly improve the lot of our workers. Thank you.

[*English*]

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

To all our witnesses today, on behalf of the committee, I'd really like to thank you for making the time and sharing your positions and opinions with us.

I want to tip my hat as well to the technicians for their linkup today, with two rooms going. We didn't trip over each other too often today, so it made for 90 productive minutes, I think.

To all, thanks very much. We will dismiss now and go in camera. We will take a five-minute break. The committee is suspended.

● (1701)

\_\_\_\_\_ (Pause) \_\_\_\_\_

● (1706)

[*Proceedings continue in camera*]







**Published under the authority of the Speaker of the House of Commons**

**Publié en conformité de l'autorité du Président de la Chambre des communes**

**Also available on the Parliamentary Internet Parlementaire at the following address:  
Aussi disponible sur le réseau électronique « Parliamentary Internet Parlementaire » à l'adresse suivante :  
<http://www.parl.gc.ca>**

---

**The Speaker of the House hereby grants permission to reproduce this document, in whole or in part, for use in schools and for other purposes such as private study, research, criticism, review or newspaper summary. Any commercial or other use or reproduction of this publication requires the express prior written authorization of the Speaker of the House of Commons.**

**Le Président de la Chambre des communes accorde, par la présente, l'autorisation de reproduire la totalité ou une partie de ce document à des fins éducatives et à des fins d'étude privée, de recherche, de critique, de compte rendu ou en vue d'en préparer un résumé de journal. Toute reproduction de ce document à des fins commerciales ou autres nécessite l'obtention au préalable d'une autorisation écrite du Président.**