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Chair

Mr. Dean Allison

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• (0910)

[English]

The Chair (Mr. Dean Allison (Niagara West—Glanbrook, CPC)): Pursuant to the orders of reference on Tuesday, October 16, we're now going to look at Bill C-265, An Act to amend the Employment Insurance Act (qualification for and entitlement to benefits).

I want to welcome everyone here today, and certainly our witnesses. I realize that you've probably all come on fairly quick notice, so thank you very much for making your schedule available.

We're still waiting for one more witness, who was given about 24 hours' notice, just slightly less time than you guys were given. What we will do, though, is start the rounds anyway, and when the witness shows up we'll insert him into the lineup.

We have with us today three different groups that are here right now and one more that we're waiting on.

Why don't we start with Mr. Jackson and Ms. Byers from the Canadian Labour Congress. Welcome, again. I know you guys have been here before for various things.

I'm going to give each presenter 10 minutes, or less if they need that. I'll just give you a one-minute warning. Certainly if you're at less time than that, that's fine as well. Then what we'll do is start with a seven-minute round of questions and answers, and then we'll go with five minutes after that. I'll identify you, and the microphones will automatically turn on and off. I think most of you have been here before, but for those who haven't, that's the way it works.

We'll start with a round of Liberal, Bloc, NDP, and Conservative, and we'll proceed in that order.

Welcome, Mr. Jackson and Ms. Byers. We'll give you 10 minutes to get started.

Ms. Barbara Byers (Executive Vice-President, Canadian Labour Congress): Thanks very much for the opportunity to be here. We won't be taking 10 minutes, because we want to get into the discussion as well.

The key reforms to the EI program that have been advocated by labour and anti-poverty groups are a reduction in the number of qualifying hours to 360 in all regions; a longer duration of up to 50 weeks of regular benefits; and an increase to at least 60% in the percentage of insured earnings replaced by EI benefits, based on the best 12 weeks of earnings.

We support Bill C-265, which would reduce the number of qualifying hours to 360 and base benefits on the best 12 weeks.

We are now sitting just two days before International Women's Day, so I want to speak today in particular about the importance of the EI program to working women and the need to make fundamental changes of the kind proposed in this bill.

The Canadian Labour Congress is going to be organizing, commencing Saturday, teach-ins all across this country on the question of women's economic equality, and these teach-ins will continue throughout the course of the year. The need for EI reform is very much on our agenda. I would refer you, beginning tomorrow, to our website, www.onceandforall.ca or www.unefoispourtoutes.ca, because you will see interesting fact sheets on the question of women's economic equality, and in particular on EI.

EI income support during periods of unemployment, maternity or parental leave, and periods of sickness is obviously important in terms of stabilizing and supporting family incomes. EI also supports the economic independence of women, since benefits are not based on family income, with the exception of a small supplement for low-income families. Rather, the benefits are based on insured individual earnings. However, key EI program rules exclude or unfairly penalize women workers, because they fail to take into proper account the different working patterns of women compared to men. While the great majority of adult women now engage in paid work, the hours they work exclude many from EI benefits, as do periods of time spent away from work caring for children or others.

We shouldn't just say that this is a particular kind of worker, because recently, at a meeting with some officials from Service Canada, it was pointed out by the representative of the Canadian Teachers Federation that there are a lot of young teachers who don't have full-time positions who are doing a lot of fill-in work, and a lot of them don't qualify for their EI. So we can't compartmentalize this and say it's one group of workers. In fact, it cuts across all groups, and in particular, again, it hits women in those groups particularly hard.

I'd like to suggest to the committee, if you haven't already reviewed it, that you look at a report done by Monica Townson and Kevin Hayes for Status of Women Canada. It's a recent report. They document that only 32% of unemployed women qualify for regular EI benefits compared to 40% of men who are unemployed. Over 70% of women and 80% of men qualified for benefits before there were major cuts imposed more than a decade ago. The key reason for the gender gap is that in order to qualify, a person must have worked in the previous year and must have put in between 420 and 700 hours of work, depending on the local unemployment rate. Workers in most large urban areas now have to put in 700 hours, roughly the equivalent of 20 weeks of full-time work.

Fewer unemployed women qualify than do men because many women take extended leaves from work to care for children and for others in their families. After a two-year absence from paid work, the entrance requirement jumps to 910 hours, or more than six months of full-time work. And when they work, women are much more likely than men to be employed in part-time and/or temporary jobs as opposed to full-time, permanent jobs providing steady hours. Because they lack enough qualifying hours, only about half of part-time workers who lose their jobs actually qualify for unemployment benefits.

Even when they finally do qualify, the lower pay of women, combined with more unstable work patterns, means that they usually qualify for lower benefits, an average of \$291 per week compared to \$351 for men in 2005-06. Only about one-third of the total dollar amount of regular EI unemployment benefits is paid to women, even though women now participate in the paid workforce at almost the same rate as men.

• (0915)

The EI program now provides for up to 15 weeks of maternity benefits and 35 weeks of parental benefits, 90% of which are taken by women. Expansion of maternity parental leave stands as a major gain for working women in recent years, especially the 2001 increase in parental benefits from 10 to 35 weeks.

To qualify, a woman must have worked 600 hours in the previous year. About three-quarters of all women giving birth to a child do qualify, and about 60% claim a benefit, but a full year leave of absence is much more likely to be taken by women who qualify for a reasonable benefit or whose employer supplements the EI benefit. Bill C-265 would increase the proportion of women eligible to take maternity or parental leaves and the proportion who could afford to do so.

In conclusion, the reduction of qualifying hours to 360 for regular and special benefits would result in a major gain for working women, who are unfairly treated by the current EI rules.

I would like to add here that when the change was proposed to move from a weeks calculation to an hours calculation and that everybody would be included, we actually embraced that in the labour movement. We thought that was good, that there would be people who could pay in and who could benefit from it. What we didn't know was that there was this vicious undertow that said, yes, you can pay in, but you're not going to qualify because the number of hours is too high.

I'll look forward to answering questions later on, and we've also provided to the committee an updated version of our policy paper, "Towards a Better Employment Insurance System for Workers in Today's Job Market".

Thank you.

The Chair: Thank you, Ms. Byers.

Now we're going to move to Pierre Céré from Comité Chômage de Montréal.

Mr. Céré, thank you for being here. We look forward to your presentation. You have 10 minutes, sir.

[Translation]

Mr. Pierre Céré (Spokesperson, Comité Chômage de Montréal): Thank you for having invited us, Mr. Chair, members of Parliament.

I represent Comité Chômage de Montréal, but more broadly, the Conseil national des chômeurs et chômeuses, the CNC, for which I am a spokesperson. The CNC is an umbrella organization comprised of groups from different regions throughout Quebec.

To begin with, I'd like to see if we can agree on three simple matters.

The first point is that the unemployed are not marginal. An unemployed person is not defined in society based on his or her social status. You're not defined as an unemployed person, you are defined first and foremost by your work, your profession, your roots, the places where you have ties, and your family. Unemployed people are workers. An unemployed person is someone who used to work and who will work again, but between jobs, such individuals are temporarily unemployed. And let me be clear: "are temporarily unemployed".

In 1940, when you needed replacement income between jobs, it was called unemployment insurance. Since 1996, it has been called employment insurance. And it is also for a limited period of time. That's the first thing I'd like us to agree on.

The second thing—and it would seem more and more that this is true, according to the prognosis of a number of economists—is that we are heading into a period of labour shortage. So that raises the question: why do you need employment insurance and unemployment insurance if you are about to face a period of labour shortage?

We believe that even during a period of labour shortage, you never actually eliminate unemployment or the need for employment insurance. Now, why is this? Well, it is because of what has characterized the new jobs created in Canada over a good many years and the way in which work has been reorganized over the past 20 years. This has been documented by Statistics Canada, for example. Most jobs created in Canada for many years have been described by academics as atypical: part-time work, temporary or seasonal work. That's what jobs look like nowadays. Between two temporary jobs, obviously, people need a replacement income. And that's what employment insurance does.

Let's see if we can agree on a third point. We all know that the employment insurance system has been pruned over the past 20 years. This has been documented and publicized. It's now time to stop documenting these cutbacks because we are aware of them and have fought against them. We will continue to fight against them. But the time has come to find solutions.

We believe that Bill C-265 is part of this groundswell movement to find solutions to the problems which exist.

On behalf of our organization, I'd like to take this opportunity to commend the sponsor of this bill on his devotion and tireless hard work. He has fought hard for many years to find solutions to the problems faced by thousands of people throughout Canada who don't qualify for employment insurance benefits.

We believe that there is a political solution to these problems. There will not be a political solution without a political and social majority. The one and only eligibility criterion which features in Bill C-265 is the 360-hour minimum, and in our opinion, it is the way of the future. The CNC has been fighting for this for over 10 years.

The dialogue and exchange between a number of organizations and political parties over the past several years has not led to a majority of people being willing to find solutions to the problems which exist.

Last year, we brought together the three opposition parties: the Bloc Québécois, the NDP, and the Liberal Party of Canada. We got them to all sit around a table just like this one with representatives from Québécois and Canadian labour associations and groups of unemployed persons. We had a discussion and an exchange of points of view. Sometimes we agreed, sometimes we managed to find solutions, and to reach compromises. We agreed to a five-pronged agreement in order to improve the employment insurance system in the way that it needs to be improved.

● (0920)

Included in this five-pronged approach is the 12 best weeks benefit-setting formula. However, the single eligibility criteria was not included because we didn't manage to reach a consensus on this issue. We agreed on relaxing the eligibility criteria by 70 hours. There are two categories of beneficiaries: ordinary beneficiaries and new beneficiaries. The ordinary beneficiaries qualify based on a variable standard ranging between 420 and 700 hours; we would suggest that this range be lowered to 350 to 630 hours.

Bill C-265 impacts on two areas: the eligibility criteria and the 12 best weeks benefit-setting calculation. Both here and in other areas, we find ourselves at a crossroads: either we get boxed in by the rationale for our demands—the fact is that we do not have a majority—or we look for a more appealing solution so that we can get a majority that will actually be able to impose a solution. This formula must be the result of a compromise and it will enable us to enhance the current level of protection provided to workers in Canada.

When Parliament debates this issue, it always says that it is going to cost the government money, and that it doesn't have this money. We asked an economist to calculate how much these two measures would cost, i.e. the 12 best weeks formula and relaxing eligibility criteria by 70 hours. A very serious individual who worked for a

political party's research service and then at a union produced a document stating that relaxing the criteria by 70 hours would cost \$400 million and that the 12 best weeks formula would cost \$320 million, for a grand total of \$720 million. Now you can play around for a long time with these figures, but that's the assessment that we made.

We know that the employment insurance fund is posting surpluses. On March 31, 2007, there was still an additional surplus of \$3 billion, totalling \$54 billion. We know that on March 31, 2008, or in a couple of weeks—the figures will be announced in a couple of months—there will once again be a surplus. So the money is there.

The creation of a crown corporation on unemployment insurance funding should help to strike a balance. A document submitted to the committee by the Conseil du patronat du Québec in 2003, in reference to comments made by the employment insurance chief actuary, stated that: “each 10 cent variation in the premium rate would affect revenue to the tune of [...] \$840 million”.

In other words, we believe that the premium rate won't even need to be changed because the money is already there. But if necessary, there would be an increase in the premium of less than 10 cents which would enable more Canadians, in fact tens of thousands of people, to qualify for employment insurance. That's not a lot, considering that the premium rate was much higher in the past: it's previously been over \$3.

I'd like to quote a line from the Conseil du patronat: “[...] the employment insurance system must rediscover its original mission which is to provide replacement income.”

It is our belief that we need a compromise formula that will help us garner this majority. It's time for solutions, and we need a majority so that we can impose these solutions. The debate has to take place above the partisan fray and it needs to focus on the welfare and betterment of our society. We need to find better ways of protecting our workers.

● (0925)

[English]

The Chair: Thank you, Mr. Céré. We appreciate your presentation.

We're now going to move over to the Canadian Auto Workers Union, and I have Ms. Ritchie.

You have 10 minutes.

Ms. Laurell Ritchie (National representative, Canadian Auto Workers Union): I wanted to make a preliminary request. I know this is out of the ordinary, but since we had little time, there was no opportunity to have this document translated, and I'd really like to be able to refer to the first two pages with people having this in their hands. Some of it's numbers, a universal language.

● (0930)

The Chair: Do we have unanimous consent for Ms. Ritchie to table the document?

Some hon. members: Yes.

The Chair: There you go, Ms. Ritchie. You can go ahead.

Yes, Lynne.

Mrs. Lynne Yelich (Blackstrap, CPC): I think it's a very important thing, when the witnesses are called suddenly and when they don't have the translation, that we should be making accommodations all the time because of the circumstances she just laid out. I would like to see that this will set a precedent. I certainly think we should be allowing this and continue to allow it.

The Chair: Mr. Godin, on a point of order.

Mr. Yvon Godin (Acadie—Bathurst, NDP): Well, if it's going to create a precedent, I disagree with it.

The Chair: We're not going to create a precedent here.

Mr. Yvon Godin: She's asking for a precedent, and I mean, this witness has a document about numbers. I don't mind the numbers because the numbers in English and French are the same.

But when it comes to the text, if we start that, it's all over. This country has two official languages, and the practice of all committees, I do believe, is that the documents are to be given to the clerk, and translations are to be made and given to the committee after. If we start that—

The Chair: No, we'll take it on a case-by-case basis. Normally there is time for these things to be translated.

We as a committee decided it was okay to proceed in this fashion today, but I assure you that each time we'll have a conversation about it.

Mr. Yvon Godin: Well, I would like to have a vote on this.

The Chair: Most definitely.

Mr. Mike Lake (Edmonton—Mill Woods—Beaumont, CPC): Mr. Chair, given what Mr. Godin is saying, then no. That's fine. No, I agree with him. I agree with him because I see a circumstance where we'll give—this is obviously a friendly witness to Mr. Godin, and they're willing to give unanimous consent. In the case where it's a friendly witness to the other side, I guarantee you that they will not give unanimous consent.

The Chair: All right. Hold on a second.

Mr. Godin.

Mr. Yvon Godin: On a point of order, this is not fair. This is a friendly witness to the labour movement, to the working people, men and women, that your government is taking money away from, not from Yvon Godin. I have nothing to learn from this here. Come on.

The Chair: Listen, I'm going to carry it to a vote. My suggestion is that the witnesses have been very accommodating to show up here at the last moment. This is not necessarily setting a precedent. There are numbers involved.

I would encourage the committee to accept this, but the people who are going to be disadvantaged here are the Bloc. So if they're prepared to accept the document at this point in time...and Jacques, quite frankly, I would encourage it.

I'm asking for a vote. Is there unanimous consent to table this document?

[Translation]

Ms. France Bonsant (Compton—Stanstead, BQ): That was incorrectly translated. He said that if we want to agree...

Mr. Yves Lessard (Chambly—Borduas, BQ): No, he said that the Bloc agreed.

Ms. France Bonsant: No, he's saying "if the Bloc wants to agree [...]"

[English]

The Chair: Is there unanimous consent?

Mr. Mike Lake: I'd like to make a comment here.

The Chair: Mr. Lake.

Mr. Mike Lake: The comment is that I want to ensure that this does set a precedent, that in a similar circumstance, regardless of the point of view of the witness, we'll see this exact same result.

I'm prepared to give unanimous consent. I think it's reasonable. What I don't want to see are political games being played the next time a witness comes forward and wants to do the same thing, because I've seen it happen the other way, where unanimous consent has been denied on the other side. I don't want to see that happen.

So I expect that this will set a precedent in a similar circumstance next time. That's all I'm saying.

Mr. Yvon Godin: The next time when you want to make an argument, you make your argument and don't say "your friendly witnesses"—

Mr. Mike Lake: Okay.

Mr. Yvon Godin: —because that has nothing to do with it.

The Chair: Mr. Lessard or Madame Bonsant.

[Translation]

Mr. Yves Lessard (Chambly—Borduas, BQ): Mr. Chairman, we have always made an effort to ensure that we have in hand the tools that we need to do our job, and to quickly respond to the materials that are submitted. I, for one, have always said that the documents should be provided to us in both official languages. I am not about to change my position today.

I would ask that the clerk be provided with the document so that we may take a look at it and have it translated once the meeting has ended. We will, of course, be using it. We will contact Ms. Ritchie if we have any further questions. If it is only in English, then it should not be distributed now.

[English]

The Chair: Okay. So you're not prepared.... I'm sorry, could the interpreter repeat the last part? I apologize.

Would you repeat your last sentence, Mr. Lessard?

[Translation]

Ms. France Bonsant: Repeat your last sentence.

[English]

The Chair: Okay. So you're suggesting we go ahead and get it translated but don't hand it out at this point in time.

[Translation]

Mr. Yves Lessard: Yes.

•(0935)

[English]

The Chair: All right. We'll move forward in that fashion. Thanks.

Go ahead, Ms. Ritchie. We'll start your ten minutes all over again.

Ms. Laurell Ritchie: Lesson learned.

We're here to support Bill C-265, including the proposal for best 12 weeks, and at the same time acknowledge that a majority of members of Parliament have in fact supported other bills that have tried to address some of the difficulties with our current EI system.

Some of us live and breathe unemployment insurance. Earlier today I had to file an appeal for claims that had been presented out of a closure in Bracebridge. Certainly our industry and many others are reeling from closures and large-scale layoffs.

In our view, the employment insurance hours system was the main villain in the 1996 changes. Nothing of any real substance has been amended since what is now fully a decade ago except for two changes—not without importance to the people they affected but still in some ways tinkering on the edge of the system.

I'm referring first to the reduction of the 700 hours that were originally required for so-called special benefits—parental, sick benefits, those types of benefits. I think many of us can still remember the photograph on the front page of the *The Globe and Mail* of the woman with child in hand, just short of the 700 hours to qualify. It was amazing how quickly the political will was found to address that and to reduce it to 600. I never heard a very good, rational explanation for 600; it was simply that there were too many people who weren't being covered at 700, so it was reduced to 600.

The other change, though not to the legislation, was the introduction of pilot projects that extended, for 21 truly high-unemployment regions, an additional five weeks, still with the maximum of 45.

Those have been the only real changes. The fundamental structure of the EI grid has not been amended.

When you do get the document, I'd ask you to spend some time on the second page. I know it looks like you cannot fathom it, but what I had hoped to do—and perhaps someone can take the time to walk through that—is go through an example of what happens for people in sectors, in industries, and in regions where they do not have full-time, full-year work. This is not just a rural issue; this is an urban issue.

The example I want to give is of service workers; in particular, I use the example of a grocery store worker. Service workers are critical now in our economy. About 70% of all jobs are in the public or private service sector.

Under the old UI system...and we're not proposing to go back to that, but it's important to understand where some of the billions in the surplus have come from. I've provided Statistics Canada information that shows that the average service worker works 29 hours a week. On that basis, they would need, under the old system, 19 weeks of work prior to layoff in order to qualify in a 6% to 7% unemployment region; currently that would be like Toronto or Montreal. But under the EI system, the way the hours have been

reworked, the same service worker now needs 23 weeks of work prior to layoff to meet what is now a 665-hour minimum.

•(0940)

It is worse still for a grocery store worker, and I've picked that as one of the occupations where it's even lower than the average service sector worker. They average 24 hours weekly, and in their case, instead of needing 19 weeks of work prior to layoff to qualify, they now need 28 weeks of work.

There's a chart there that shows how the requirements have increased. This chart, which shows the old system alongside the new system—we've grafted them together—allows you to study and understand, in your own regions, how this system is functioning to the detriment of workers.

We have a changing job market out there. Many of us would argue that the architects of the 1996 changes had at least some sense that this was coming. Now, without a doubt, we know how many jobs are contract, temporary, and part time, and this applies mainly to women. It also applies to men.

One of the things we're finding with layoffs in auto and other manufacturing workplaces is that men and women are now having to look to a future with fewer options, and many of those options are those temporary, part-time jobs, certainly not full-year, full-time jobs. There are also serious economic impacts for the economy as a whole, serious negative impacts for EI's key role as an economic stabilizer.

The federal government last fall, in the economic and fiscal update that they provided, looked right through to year 2011-12 for risks to their fiscal projections, and they mentioned volatile commodity prices, weaker U.S. consumer spending—they didn't know the half of it—global current account imbalances, and a further appreciation of the Canadian dollar. This is not the end of history. We may well yet have another recession in this country. Certainly we have a downturn, and that, by all accounts, goes to explain the Bank of Canada rate drop, unusual as it was, this week. There is in some of the papers today the suggestion that the job numbers coming out tomorrow will have some grim information for all of us. We cannot sit easy.

Again, as part of the documents, we've compared the hours that were needed to qualify for employment insurance or unemployment insurance during economic downturns. We used a regional rate of 8% to 9% unemployment, which would not be unusual in a downturn. We've gone from a formula that would allow somebody at 165 hours to at least get a minimum entitlement; then, in the early 1990s, a formula that meant 255 hours; and now a formula in this same region that would require a minimum of 595, and that's just to get a bare minimum entitlement.

There is a very important study that was commissioned by Human Resources Development Canada—I can never remember its name in its various changes. This was a study of the UI system as an automatic stabilizer, identified as the single most important stabilizer, and to prevent downturns going much deeper.

● (0945)

Finally, this week is also the anniversary of the first death from the SARS epidemic. There was a great deal of puzzlement amongst the honchos within EI about why so few people were applying and getting EI. Those of us who know what has happened in the hospitality sector and in the health care sector and homes for seniors and the aged, what is happening in hotels and restaurants, understand very well why people could not apply or qualify.

Our system has been problematic since the beginning; it has gotten worse with recent developments in the labour market, and we urge you to fix it.

The Chair: Thank you, Ms. Ritchie, for your presentation.

As I mentioned before, all of you have come on fairly short notice. Mr. Cirtwill, you've actually been the one with the shortest notice; you were just notified on Tuesday. We appreciate your flying in from the east this morning to be with us. I know you just got off the plane to be here, so thank you once again for accommodating our group.

Mr. Yvon Godin: I wonder whose friend he is.

The Chair: Did you want to distribute some documents in English or French?

Mr. Cirtwill, you have 10 minutes. Thank you for being here.

Mr. Charles Cirtwill (Acting President, Atlantic Institute for Market Studies): Well, I'll waste a few of my 10 minutes to point out to Yvon that since we both come from Atlantic Canada, if he's buying the beer, I'm his friend.

I appreciate the invitation to come today to comment on Bill C-265. As you say, I did just arrive from the airport. As proof of the wonders of the modern transportation age, it took just as much time to get here from the airport as it did to fly from Halifax to Ottawa.

For those of you who are unfamiliar with AIMS, we are an independent economic and social policy think tank. We are based in Halifax, Nova Scotia. Our chief objectives include initiating and conducting research, thus acting as a catalyst for informed debate on public policy matters, and communicating the conclusions of that research and the resultant policy prescriptions in a clear, non-partisan way via publications, conferences, seminars, and sessions like this one.

AIMS is a Canadian federally incorporated non-profit non-partisan organization with charitable status from the Canada Revenue Agency. We are financed by contributions from individuals, corporations, foundations, and other organizations, as well as by the sales of our publications. AIMS does not, to put a point on it, take any money from government.

I'd like to start my comments today with a couple of fairly straightforward points. Since the sponsor of this bill, as I understand it, is from New Brunswick, I thought I'd put those comments in the context of New Brunswick, but I want to emphasize that they do in fact apply nationwide.

If someone had asked me yesterday to come up with a list of the three or four things the federal government could do to put the biggest possible wrench in New Brunswick's plan to become self-sufficient, this suggestion, this bill, would have been in the list of the

top three. Basically the reason is quite simple: if you pay people not to work, they will not work, and of course Bill C-265 does suggest that we get back to that very model.

AIMS has commented frequently on the problems with Canada's employment insurance system, and our key criticisms follow.

While the basic intention of EI should be to provide short-term assistance to those who find themselves temporarily unemployed due to the vicissitudes of life or a dynamic economy, the EI program has become instead a system that creates unemployment and provides disincentives to work. The Atlantic region is an example. Employers in large centres such as Halifax, Saint John, and Moncton are experiencing tremendous difficulties finding workers, while double-digit unemployment remains constant in other areas, such as northern New Brunswick and Cape Breton. For example, StatsCan just in January reported an unemployment rate for Halifax of 4.3%, while in Cape Breton that number is 13.8%. An overly lax and generous EI system deters unemployed people from moving from where the work is unavailable to where jobs are going unfilled. This problem is only going to get worse as our society ages and labour shortages become more severe.

The EI system also distorts wages upwards as firms are forced to compete not only with other employers, but with a system that allows workers to work for only a small portion of the year and then collect EI for the remainder. This distortion negatively affects firms' competitiveness and makes business investment less attractive in those regions where the effect is most prevalent, and that includes Atlantic Canada.

Further labour market distortions occur in that the value of work experience, training, and education—all of which lead to better long-term employment prospects—is diminished when the ability to live a state-subsidized life in exchange for only a few weeks of work each year remains available.

For these reasons, the general thrust of Bill C-265 to make access to EI easier is of clear concern, especially the question around the removal of the new entrant condition—the one that's meant to actually engage young Canadians' attachment to the workforce early on—and the dramatic change in eligibility requirements that would occur in areas of lower unemployment. Again, if we return to the Halifax example for a minute, which Mr. Savage might be relatively familiar with, and take a look at Halifax's vibrant labour market-place, right now under this bill we would end up with the amount of work required to qualify for EI dropping from 17.5 weeks at 40 hours a week to only nine weeks. Now, is a nine-week qualification for employment insurance really necessary in a labour market with 4.3% unemployment?

The proposal to enrich EI benefits generally by basing the benefit on the calculation of the worker's best 12 weeks is also a disincentive, because it will again result in paying people more money not to work. Even worse, it increases the incentives to gain the system.

● (0950)

Now, with regard to the expansion of accessibility to special benefits, I don't think anyone should be opposed to the intention of this measure. Given the demographic challenges that we have and that the country faces in the years to come, measures of this type make it very much easier for parents to have children, for individuals to contribute to the care of family members. These kinds of proposals and services are absolutely critical in the future years in Canada, but I want to point out a couple of things around how we're funding it.

First, we have really done no significant research into the impact of these kinds of benefits on the employer side of the question, and certainly we haven't had a conversation yet about whether or not EI is truly the appropriate place to pay for these services. The benefits for these programs accrue to society as a whole, so we really need to question whether or not the burden for these services should be placed only on employers and employees by paying for them exclusively through EI.

Now, there is one point where the Atlantic Institute for Market Studies and this bill come to agreement on, and that is that Bill C-265 does effectively remove regionally extended EI benefits, but it does it by basically giving extended benefits to everybody. We think the conversion should run in the opposite direction, that the objective should be to tighten the requirements in the areas where they're loose, not loosen them where they're currently tight.

Full-time jobs are going unfilled in Atlantic Canada because, among other reasons, the wages offered for them cannot compete with seasonal work and subsidized EI benefits. The balance needs to be changed decisively in favour of work, so that people see that they would be better off, not worse off, to accept the work that is available and to acquire the training and education needed to secure even greater opportunities.

Before I close by quoting a couple of other organizations, let me just say that AIMS does not think the EI system currently in place is perfect. Certainly it requires lots of tinkering around the edges, if not fundamental change.

We have just three quick suggestions for changes that you might want to consider, either attending to this bill or doing something else in its place.

First, the requirement for new entrants to access EI needs to be higher, not lower. We want people to engage in the employment field and stay there for a while, get used to the benefits of working, know what they are, and be able to appreciate them.

We need to take a serious look at experience rating. If in fact you spend a lot of time using unemployment insurance, perhaps your rates should be higher or your benefits should be lower, or both. That applies both to employers and to employees. We cannot afford a government system that encourages employers to set up a structure where they only employ people for 10 or 12 weeks, knowing that

those people are going to be taken care of until they need them again 12 months later.

The other thing we need to be thinking seriously about is, if we are carrying forward surplus after surplus in the EI account and we change the EI benefits to the point where we secure some savings, what do we do with those savings? Our suggestion is that the majority of those savings should be targeted at education and training of the workers, so that they in turn are better able to take advantage of opportunities as they come their way.

Mr. Yvon Godin: And \$55 million would do it.

Mr. Charles Cirtwill: One or two things we agree on, I guess. He's nodding now. He's not going to be nodding in a second.

In closing, EI premiums are a tax on jobs. Organizations like the Canadian Federation of Independent Business and the Canadian Taxpayers Federation have made that abundantly clear time and time again. The higher the premiums and the higher the cost for employers to have employees, the fewer jobs there are going to be. Giving back the accumulated surplus is probably too much to ask, although certainly I think we should continue to ask, but cutting premiums and ending the gouging once and for all is certainly within reason.

You must remember that this is not supposed to be a slush fund. This is an insurance fund, and so when the surplus exceeds actuarial needs, the solution isn't necessarily turn around and find a way to spend all the money. The better way is to take a look at how you can sustain that in the long term and translate that into lower costs for job creation.

That being said, I have just one last idea as I close. If you're desperate to spend some or all of this surplus, maybe we need to take a serious look at rewarding people who have been in the workforce over the long term, perhaps considering giving larger and longer benefits to people who, for example, have worked for 30 or 35 years and suddenly find themselves for the first time in their life trying to transition from a new career, because certainly that represents a far more significant challenge than setting up an EI system that basically encourages people from the word go not to work.

Thank you.

● (0955)

The Chair: Thank you very much once again for taking the effort to be here with us today.

We're going to start with a first round.

Mr. Mike Lake: On a point of order, Mr. Chair, I have a question regarding the witnesses we have here. Typically we have a fairly balanced approach to the witnesses who come before us. I don't want to prejudice anybody's position here, but it seems as if we might have three organizations on one side and one on another side of this particular issue.

I notice on the list here that there are a few other organizations. I'm just curious about the timeframe. When did these organizations receive invitations?

The Chair: They were all contacted late last week, early this week, and there were conflicts in the other schedules of when people were able to make it.

Mr. Mike Lake: Mr. Cirtwill was invited on Tuesday for our Thursday meeting.

The Chair: That's correct.

Mr. Mike Lake: That seems to be pretty difficult.

The Chair: After all, the other three witnesses were not able to make it.

Mr. Mike Lake: I notice that we got a letter from the Conseil du patronat du Québec speaking as opposed to this, but they were unable to be here today. What other organizations that were opposed expressed interest in being here, just so we can be aware?

The Chair: The Restaurant and Foodservices Association, as well as the CFIB.

Mr. Mike Lake: Okay, thank you.

Mr. Yvon Godin: On this point, Mr. Chair, maybe what we should do, instead of going ahead for next week with the bill, is prolong it for three weeks to a month and make a good study, because I agree with my friend Mike Lake that we should give good opportunity, good notice, and have a good debate. I totally agree with him to be fair. I think we should be fair on both sides, the workers and—

The Chair: I'm going to end the debate at this point. You guys can take up your own time, not the committee time right now.

Mr. Savage, for seven minutes, sir.

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

To Mr. Lake's point about balance, I think Mr. Cirtwill's far right point of view more than balances out the other witnesses we heard.

An hon. member: [*Inaudible—Editor*]

Mr. Michael Savage: Listen, he is a very smart man, following in the great line of Brian Lee Crowley and the other AIMS members, who are all too smart for their own good.

I want to welcome all of the witnesses and thank you for coming. We've met with some of you before on a number of issues and we appreciate that.

Charles did a little promotion on AIMS, and AIMS has become a very important part of public policy discussions in Atlantic Canada and, I would say, in Canada. The fact that they're usually wrong doesn't take away from the strength of the argument that they have and how well they make that case.

I must say that when I hear terms like “state-subsidized life”, I find that offensive when dealing with employment insurance, Charles, and people being paid well “not to work”. I know that part of what AIMS does is that they like to get out there and put these points of view, but basically in essence what you're telling me is that if somebody is living in Monsieur Godin's riding or Rodger

Cuzner's riding and they're not working, they should move to my riding to work or not get any of the social infrastructure that Canada currently provides.

Is that an accurate reflection of what you're saying to me?

Mr. Charles Cirtwill: No, Mr. Savage, that's a characterization based on your political perspective of what I said, which is fair enough, because of course your business is very similar to mine.

Basically what I would say is this. If they have an opportunity to work elsewhere—and we have to remember now that we're not talking 15 or 20 years ago when, in order to get a job you had to move from River Bourgeois to Edmonton. We're talking about moving from River Bourgeois perhaps to Sydney or from Sydney perhaps to Halifax. So we're not talking about major disruptions in life and limb.

That being said, if industries and people in those communities want to stay there and want to have a system of employment insurance, all we're saying is that they should pay a little bit extra. If you want to have a system where you're being paid to be able to work six or eight or ten weeks of the year and stay the rest of the time in the community that you've come to love and are refusing to move from, then maybe we should be taking a look at whether or not your employer and you should be paying an additional premium for that.

• (1000)

Mr. Michael Savage: Do you think that people who are on welfare should get less welfare the longer they're on welfare as well?

Mr. Charles Cirtwill: Now, Mr. Savage, we're not talking about welfare. We're talking about employment insurance.

Mr. Michael Savage: I'm trying to make an extrapolation.

Mr. Charles Cirtwill: No, sir, it is not. Employment insurance is designed as an exercise to help you when you have an interruption in employment. Welfare is designed to help people who, for whatever reason, whether inside or outside of their control, can't work.

Mr. Michael Savage: What you're suggesting is that the longer you get benefits from the Government of Canada, the less those benefits—

Mr. Charles Cirtwill: No, sir, I did not say that at all. I said the longer you get employment insurance benefits, the less you should get. That does not translate into the fact that if someone—for example, because of physical or mental infirmity—cannot work, they should not get more money.

In fact, what I would suggest, perhaps, is that if we can drive EI premiums down, maybe we should be able to raise our taxes and increase the welfare transfers a little bit higher, so that the people who really can't take care of themselves are taken care of at the highest possible levels.

Mr. Michael Savage: On the EI premiums, you mentioned the rates. In the last 10 years or so we have seen a dramatic drop in the rates that are being charged to, particularly, employers and employees. We have also, though, seen a dramatic reduction in benefits to employees. There has to be a balance.

Do you not think we've overbalanced it on one side in terms of reducing the premiums, while at the same time cutting the benefits?

Mr. Charles Cirtwill: I would suggest to you that there are employer groups, such as the CFIB, that would disagree with your characterization that we've seen significant cuts in premiums, and in fact—

Mr. Michael Savage: How much is the cut, then?

Mr. Charles Cirtwill: I don't know the hard number. I would have to look at it.

Mr. Michael Savage: Well, I would call it significant.

Mr. Charles Cirtwill: Well, that would be your characterization, and as I say, those groups would characterize it differently.

I don't know the raw number. Do you know the raw number?

Mr. Michael Savage: Yes, I could tell you the raw number, but I'll ask the questions, and you can answer.

I would have thought that someone as bright as you are, working for an organization as astute as AIMS, would have that information when you came to testify.

Mr. Charles Cirtwill: Well, unfortunately, I didn't have access to a library on the plane—

Mr. Michael Savage: The fact is that the premiums have gone down and the benefits have gone down. It would seem to me that there should be, at this point in time, a restructuring to say that we have this notional surplus, an actual surplus each year. It's not accumulated; it goes in and out of the consolidated revenue fund. But it has been mainly at the expense of people on the benefit side, much more so than on the premium side.

Mr. Charles Cirtwill: I think you have to recognize the positive benefits of that. If you take a look, for example, at the unemployment rate, the employment rate, and the participation rate in Atlantic Canada in 1997, 1998, and 1999—before the changes in 1996 were undone—those raw numbers are pretty impressive. We actually put people to work. People actually started taking training that they hadn't been taking before.

I would suggest to you that the changes we saw in the early 1990s did exactly what we wanted them to do, which was put people to work, encourage them to train themselves, and make better lives for themselves so that they did not have to depend on long-term switching into and out of EI. I think that would be a better long-term goal than maximizing the benefits.

Mr. Michael Savage: I will pass your commendations on to the government for the work they did in terms of improving the economy in Atlantic Canada.

I would like to ask questions of my colleagues from the labour movement. Mr. Céré, you have given us a few numbers, and I wrote them down. I wanted to see if I understood them in terms of the cost of certain improvements to EI, and \$220 million is your estimate of what it would cost to go to the best 12 weeks. Is that the number you've given me?

[*Translation*]

Mr. Pierre Céré: No. Once again, according to our economist's calculations, for the best 12 weeks, the cost would be \$320 million and if the eligibility criteria were relaxed, it would be \$400 million. We are talking about relaxing the criteria, and not about a single

eligibility criterion. Our calculations were not based on that assumption.

[*English*]

Mr. Michael Savage: Okay. I'll come back to this when I get a chance. Perhaps I won't.

The issue is that I believe we need to do something on the benefit side of EI. The question I asked Monsieur Godin in sincerity related to a number of things that we need to do. Bill C-269 was one that eliminated the two-week waiting period, the five-week black hole on the other end, and did a number of things. It increased the rate from 55% to 60%.

You can look at the benefit period. We had Bill C-278, which was a Mark Eyking bill, to extend sickness benefits from 15 weeks to 50 weeks. It was supported by both the Cancer Society and the Heart and Stroke Foundation, realizing people are living longer now and recovering from illness.

We have the arm's-length provision, the best 12 weeks, and hours worked. There are a number of things that we need to do on EI. I'm trying to come to terms with whether this bill, as it is, is entirely the best one.

Monsieur Céré mentioned some of the discussions that have happened. We are trying to figure that out; I don't think I have time to ask for a comment.

Thank you.

• (1005)

The Chair: Thanks, Mr. Savage.

We will move to Mr. Lessard for seven minutes, please.

[*Translation*]

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

Allow me to thank and congratulate this morning's witnesses for the work that they have done. I am referring to the CLC, the Comité Chômage de Montréal, and the Canadian Auto Workers Union. You continue to do very good work.

Mr. Cirtwill, it is unfortunate that your opinion is so offensive to workers. I have worked with employees for 40 years. I am not going to knock what you said. You are entitled to your opinion, even though it illustrates an absolute misunderstanding about the context within which these workers find themselves when they lose their job. It's like saying that it is the pain medication that caused the illness. I am saying this so that you will give it some thought. I don't want to discuss it with you, I simply want you to know how I feel. It was hurtful.

I would also like to say that Mr. Céré is absolutely correct when it comes to assessing the costs. When he appeared before the committee on December 7, 2004, Mr. Malcolm Brown, assistant deputy minister with the Department of Human Resources and Skills Development stated that a calculation based around the best 12 weeks would represent \$320 million and would benefit approximately 470,000 claimants; the cost of changing the entrance requirement to a flat 360 hours would be \$390 million. I think that your calculations are in keeping with what the department has determined to be the cost.

My questions are for Ms. Byers and Mr. Jackson. I believe that you did a study that was published in 2003 on the number of people who paid employment insurance premiums and who had the misfortune of losing their job. The study indicated that only 38% of them could ever hope to draw employment insurance benefits. According to the figures that you gave us this morning on the percentage of unemployed women, it appears that the situation continues to be very serious. Am I mistaken? Your conclusions always seem to be the same.

Moreover, the minister of the day said more or less the same thing in 2004. It angers me to hear that, but I repeat that Mr. Cirtwill is entitled to his opinion. Mr. Volpe, the Liberal minister, in response to a question that I asked him in the House of Commons, told me that employment insurance—we no longer call it unemployment insurance and I understand why—is for people who want to work. He implied that the government philosophy was to give as little help as possible to workers so that they would go out and find another job, and we know where that type of philosophy leads.

I would like to hear what you have to say about those two points. If we have time, I will raise another one.

[English]

Ms. Barbara Byers: I'd love to say to you that in the studies we've done over the last number of years, things have gotten better for workers. They haven't. The percentages are still shamefully low in terms of who can access benefits, and obviously for women and for workers of colour, aboriginal workers, workers with disabilities, any of those people who might have any hope to qualify, it's even worse. In some locations, you can see the percentages for women being able to access as low as about 16%.

I just think, again, when we're looking at this bill, we're talking about the question of access, which should be the right of everybody, to have fair and equal access, and some question of the level of benefits.

I have to comment as well, very briefly, that I spent 17 years as a social worker in the province of Saskatchewan, and I too am very offended by the notion that the unemployed and the poor just want to be that way. People don't choose poverty. They don't choose to be unemployed. I think it's quite ironic that we have this system that says that to make the poor work harder, you pay them less, and to make the rich work harder, you pay them more.

• (1010)

Mr. Andrew Jackson (National Director, Social and Economic Policy, Canadian Labour Congress): Could I speak very briefly to the incentives to work issue?

I guess at the time of EI reform there were a number of background studies done for the department. One key result of those studies was that one reason the employment rate in Canada was higher than the rate in the U.S. traditionally through the eighties and nineties is that in fact people are more likely to work in Canada, under a relatively generous EI system, for the obvious reason that you don't qualify for benefits if you don't work. So the employment rate in rural New Brunswick is higher than in parts of rural Maine—or was—where the system didn't exist.

The other point I would make, and I think this is an important one, is that the labour movement has never said that the duration of benefits should not vary with the local unemployment rate. It's reasonable that people in high unemployment regions should get a longer duration of benefits simply because it's harder to find another job.

I mean, what's important about the 360 hours is to put everybody in the country on the same basis. You can very easily live in a low unemployment city and experience a bout of unemployment through no fault of your own—the SARS epidemic, for example. So we think it's absolutely critical that the 360 hours, that entrance to the system, should not depend on local labour market circumstances, but it is reasonable to condition duration of benefits.

[Translation]

Mr. Yves Lessard: Ms. Byers, in your introductory remarks, you explained how the plan could be improved, and you spoke of increasing the benefits. Currently, this would represent 55% of the claimant's income, and you suggested 60%. Generally speaking, people with the higher incomes are not the ones who draw the benefits. So that is a small income. I tabled before the committee an amendment to Bill C-265 in order to improve the plan and raise the benefit level to 60%. I believe that you would agree with me on that.

[English]

The Chair: Just a quick response, and then we're going to move on.

Ms. Barbara Byers: We think there are three things that need to happen with the EI system: the question of access, which we're dealing with there; the question of the duration of benefits, which Andrew has talked about; and the question of level of benefits, so the percentage of what people get. And even at 60%, by the way, we're not where we used to be before all the cuts came.

The Chair: Thank you, Ms. Byers, for keeping that short.

We're going to now to move Mr. Godin, for seven minutes.

[Translation]

Mr. Yvon Godin: Thank you, Mr. Chairman.

Last Tuesday, we discussed the possible costs. As you know, I have been a member here for a number of years, and I have a keen interest in the employment insurance program. I truly believe that it is unfair to workers. Mr. Charles Cirtwill thinks that there should be a different program. From what I understand, the witness believes that these people should go on social assistance and stay there until the end of their days rather than try to maintain their ties with the workplace so as to be available for work when the employer calls them back. I don't want to spend too much time on this, but I am ready to challenge him to a one-hour debate—it could be on Radio-Canada or the CBC—so that he can explain his position and we can put forward our own and we can hear what Canadians have to say.

I have just given our clerk a letter outlining the costs that have already been determined by the Department of Human Resources. With respect, Mr. Céré, this did not involve a simple reduction of 70 hours for each category, but a drop to 360 hours, which could possibly be done by amending schedule 1 of the act. The cost for 360 hours would be a total of \$390 million. I would like to ask our clerk to have the letter translated and distributed to all committee members. This work was done by our research assistant. We made the request, and received the answer on November 21, 2006.

I join with my colleague Mr. Lessard in saying that I am truly offended, on behalf of all workers, by the opinion that people who draw employment insurance benefits are well paid. Their benefits only represent 55% of what they were earning. I can tell you that most of the calls to my office come from people who want to work. If small Atlantic companies in Halifax and elsewhere cannot find enough people to fill their jobs, it is because the workers have taken the train or a plane and have gone to work in Alberta. That is why in Atlantic Canada today, welding shops and manufacturing plants are running short of workers. People have moved west to find work. Out west, they may not be able to draw EI benefits, but it is still not possible to find someone to work at McDonald's for \$18 an hour. There is a manpower shortage there. That has nothing to do with employment insurance.

People who represent workers and those who represent some employer groups have shown you both sides of the issue. Nevertheless, when the Prince Edward Island Chamber of Commerce appeared before the committee, they said that the reductions to employment insurance were too steep. We went to Forestville, in Quebec, where there was a demonstration. Manufacturers as well as merchants demonstrated in the street to protest against these measures and the effects that they will have.

In 1986, the number of hours required was 150, or 15 hours per week. Is it really unreasonable to set the number at 360 hours? Do you really think that Canadian workers are lazy? That is what my predecessor Doug Young said about the workers in the Atlantic provinces. His statement was published in *The Globe and Mail*. They said that was why changes had been made to employment insurance.

•(1015)

Mr. Pierre Céré: Let me begin by offering amends for what I said.

I said that unemployment insurance cuts had been broadly documented for the past 20 years, but it seems that this was not so in every case. I did not come here today on behalf of an organization to debate prejudices. It is rather unimportant, but there are prejudiced opinions in society. There are prejudices regarding different matters. We see all kinds of them. All this prejudice is irrational. Would the mere fact that there is more unemployment in Acadia, in Gaspé, in Abitibi, on the North Shore or in Newfoundland indicate that there is a higher degree of laziness in those regions? Is the employment insurance system contributing to unemployment? This is not serious.

The ratio between beneficiaries and unemployed persons, ladies and gentlemen, was established in 1940. The department, which changed names several times since then, established it at that time. It has not changed. This ratio helps to estimate the coverage of

Canada's employment insurance system. In the 1980s, it was 85%. In other words, if they lost their jobs for any reason, 85% of the people who were working and contributing to employment insurance were able to rely on it for replacement income while looking for another job.

The ratio of beneficiaries to unemployed persons, which is the coverage, went down after the cuts that the Conservatives made in 1993 with regard to the reasons for job termination. The ratio went down from 85% to 65%. More cuts were made in the wake of the Axworthy reform in 1996, and the ratio currently stands at 46.8%. These figures are not ours, nor do they come from the unions or from just anyone at all. These are the department's figures. Less than one out of two workers has contributed. Thus, a large segment of the working population cannot access employment insurance when the need arises. That is how I define the problem. The employment insurance system's coverage should be brought back to a level more acceptable to workers.

Unemployment is a temporary situation, and so is reliance on employment insurance. The money is available, and therefore we ask that it be distributed in a way that will provide better protection for workers. This is the real purpose of an insurance system. Moreover, the Conseil du patronat made this point right in this place, three years ago, in the context of the commission. Therefore, let us come back down to earth, and let us look for a solution.

A union leader told me a few days ago that generating smokescreens was not getting us anywhere. It is time to find solutions. Let us go beyond partisan interests, and let us work together to find solutions that will be supported by a majority and that will make this social institution that is fundamental for many people work better. This is my appeal to you.

•(1020)

[English]

The Chair: Thank you, Mr. Céré.

We're now going to move on to our last questioner.

Mr. Lake, you have seven minutes of this first round.

Mr. Mike Lake: I'm going to start by doing something I don't normally do, and that is to commend my colleagues across the table for some important changes in 1996 to the EI system.

I want to refer to a couple of quotes that I've heard so far. Mr. Céré, at one point you said, forget about partisan interests, think about the best interest of society. At one point Ms. Ritchie said that this is not the end of history.

It's good to hear you refer to the big picture. The big picture right now is that we have an employment rate that is the highest since 1975, and that's just a fact. There are studies out there that have shown time and time again—and it's interesting, because I've never heard of AIMS before today, so I'm not referring to what he had to say—that the rise in employment is directly correlated with a decrease in poverty rates.

My first question is for Ms. Ritchie. Why in the world would you want to advocate for an ad hoc policy change that will, with absolute certainty, lead to a decrease in employment and an increase in poverty?

Ms. Laurell Ritchie: Well, I obviously disagree with both of those conclusions. I think it would be helpful to have a look at the government's website, the HRSDC website, and take a look at unemployment rates and entitlements by region. While you will see some areas that are at or about the average, I would not want to be you walking into the Niagara Peninsula or Hamilton or the Kitchener—Cambridge region or Windsor, Ontario, and trying to tell people that they have a better employment situation than they had a few years ago.

It's true, on average, across the country, but we have two solitudes in employment numbers right now. We have a red hot economy in Alberta and to some extent in Saskatchewan, and we have a very different problem in other parts of the country, and I think you know this very well. I think you'll have this registered again tomorrow when you see the new unemployment numbers, at least as it has been suggested.

Mr. Mike Lake: Ms. Byers, you refer to aboriginal, disabled, and people of colour—I think that was the terminology you used—in talking about access to unemployment insurance.

Coming from Alberta, I know that among the huge opportunities that have been created due to the labour shortages we have is that employers are looking at workers from these exact groups you mentioned in ways they have never looked at before, which is creating tremendous opportunities.

Why is there so much focus on supporting the unemployment of these folks? Why not take steps to reinforce policy changes that create opportunities for employment?

Ms. Barbara Byers: Well, obviously we do support all sorts of measures for employment, in particular for people from disenfranchised groups, but what we're talking about here are people who have jobs. Sometimes when you look at aboriginal people, women, workers of colour, and workers with disabilities, they are also the people who are more likely to be employed in part-time, temporary, casual-type jobs that don't have security. What we're saying essentially is that those people should have the right to access EI for those periods of unemployment.

Take a look at the stats. People aren't getting rich on unemployment. They don't choose to be there.

We certainly would expand all sorts of things. We've been promoting an insurance system under employment insurance that would currently give those workers the opportunity to access their EI while they upgrade their skills—all sorts of things—but what we're talking about in this committee is that when they have periods of unemployment, whether short-term or long-term, they should have the right to access the EI benefits they've paid into.

• (1025)

Mr. Mike Lake: But the very high employment situation we have in Canada in part is due to the changes that have been made to the EI system—the very changes that you would reverse. Employment rates would go down if this policy change is implemented. It would hurt those workers.

Ms. Barbara Byers: I don't think you can back that up for one moment.

Mr. Mike Lake: Oh, I absolutely—

Ms. Barb Byers: Just a moment; just a moment.

You know there's no evidence that says that if you allow people access to their EI benefits, they will then refuse to go to work for a crummy \$291 a week. I mean, really, just take a look at it: if you have somebody who is offered a job that has reasonable wages and reasonable benefits, are they going to choose EI over that? They still have to go out and look for work, sir.

Maybe you've never dealt with people who are unemployed. I don't know, but the reality is that you're saying this would create unemployment. It will not create unemployment. It will allow people to access the benefits they've paid into, and a lot of those people are the disenfranchised groups.

Mr. Mike Lake: I have a lot of experience with those disenfranchised groups you talk about. I've mentioned in this committee before that I have seven foster brothers who are aboriginal and come from aboriginal backgrounds. I have a 12-year-old son with autism. I believe more in the abilities of these people than what any of you are talking about.

What is coming across is a total lack of faith in their ability to get a job and keep a job—a high-paying job—and I do not believe the steps you're talking about actually help these people. I've heard no evidence from you. All the outcomes you refer to are entirely based on unemployment. Why does none of your research actually focus on the key outcome of increasing employment, of higher employment rates?

Mr. Andrew Jackson: Perhaps I could just put one—

The Chair: Please give a quick response. We're almost out of time here.

Mr. Andrew Jackson: Two-thirds of working-age families who are poor in Canada have at least one person in the family who is working full-time all year. A lot of those people are in employment on a regular basis, but they're moving from one low-wage, precarious job to another, so if people had a bit more EI income support in the short periods between jobs, it would be increasing the incomes of a lot of working-poor families.

It's not as though we're talking about people who are unemployed for dramatically long periods of time. We have a very low duration of unemployment now. But the fact of the matter is that an awful lot of Canadians do transition through a period of unemployment at some point in the year, even with a 6% unemployment rate. Probably about 15% of them still experience a spell of unemployment in the year.

To draw this disjunction between people who are unemployed and people who are employed just totally abstracts from the real experience of people, which is that huge numbers of people are moving between those states all the time.

The Chair: We are going to have to wind this up. That's all the time we have.

Ms. Dhalla, we are starting the second round, five minutes please.

Ms. Ruby Dhalla (Brampton—Springdale, Lib.): Thank you very much to all of you for coming.

I think Charles had started off saying that Mr. Godin was going to buy him a beer after his presentation. Probably not. But Charles, I wanted to ask you this.

You come from the Atlantic Institute for Market Studies, and you had spoken about your feelings, which I was quite shocked about, that employment insurance actually creates a dependency and perhaps is an incentive in some sort of way to people not wanting to work. From the number of constituents in my constituency of Brampton—Springdale who actually utilize EI, I know that's certainly not the case.

Do you have any statistics, figures, or facts to back up what you have mentioned?

Mr. Charles Cirtwill: Actually, thank you for the question, because I'm getting a little tired of being accused of having a bias and just stating feelings.

I supplied to the committee before I arrived a copy of a study we did following the 1996 changes, which demonstrated the positive impacts of reducing the EI, basically matching the econometric models that had come before them. So they're actually hard numbers on the ground, demonstrating the benefits around tightening the rules, discouraging people from repeat use, getting back to the word that we used here earlier, about the fact that EI is supposed to be temporary, so talking about limiting the repeat use of employment insurance.

The other interesting thing is that we did supply to the committee—and I hope the members get a chance to look at it later on—a copy of a 2007 study that took a look at Maine and New Brunswick, because it is a natural social experiment in that you have two jurisdictions sitting side by side, with very similar populations, very similar demographics, geographics, and everything, the only really significant difference being their EI.

This research was actually funded by the Canadian government, the Canadian embassy in Washington. I think the committee will find those findings very fascinating, because what they show is that, with a high level of EI premiums regularly available to people on a systemic basis year over year, you see a larger percentage of your population actually taking EI and staying out of the workforce.

So it's not that Atlantic Canadians are lazy; it's that they're not stupid. If you're going to pay them more than they would get working, why in God's good name would they work?

• (1030)

Ms. Ruby Dhalla: We'll look forward to receiving your studies, to see exactly what everyone has come up with.

Thank you very much, Charles.

In lieu of time, as well, since it's International Women's Week I wanted to ask both Barbara and Laurell for some information with regard to the impact the EI program has on gender inequality that exists and the impact it has on women.

I know Barbara spoke in her presentation about some of those facts, of only 32% of the unemployed women actually being qualified for regular EI. What type of changes do we need to see within the system, either that are mentioned in the bill presently or

that you would suggest to the committee, that would perhaps reduce all the inequality that women experience across this country when it comes to accessing EI?

Ms. Barbara Byers: I think the fact is that, first of all, the 360 hours is very important so all women all across this country have the access, because again we go back to how long it takes women to accumulate that time in temporary, part-time, and casual types of jobs. So the 360 hours in terms of access is critical to every woman, no matter whether she lives in a high-unemployment or a low-unemployment area. That is number one.

The question of the best 12 weeks is very important because, again, if it is the most recent 12 weeks, those can sometimes be your worst 12 weeks.

If you look at the paper we presented and the information we're going to have up on our website on EI around women's economic equality, we're looking at the difference in how benefits are paid out: \$291 to \$351 per week is the difference between women and men. That's absolutely critical.

I guess the whole thing is that we know the EI system has to be modernized. It has to take a look at the kinds of jobs we're in. We need to be able to do that, but we need the access first.

There is no point in improving all the other stuff if people can't get in the door.

Ms. Ruby Dhalla: Laurell.

Ms. Laurell Ritchie: That is absolutely the issue: getting in the door. The government's latest monitoring and assessment report on EI, looking at the year 2005, under II, says—and again it's part of the document that was provided, and hopefully it's translated—that lower access to EI among women reflects their different work patterns, as women are more likely than men to work part-time. Of unemployed people who had worked full-time, 87.6% were eligible for EI, compared to 42.8% of those who had worked part-time before becoming unemployed.

In this document there are some studies that look at employment in the last couple of decades, and in particular some numbers from Stats Canada that were put together by Professor Leah Vosko from York University.

It is quite startling to step back and see how large the drop has been in full-time permanent positions, and for that matter, part-time permanent positions. What is replacing them very quickly, and in fact has more than doubled since the beginning of the 1990s, is full-time temporary and part-time temporary jobs.

I can only assume that some of the people who have asked questions today don't have a real-life experience of what it's like in certain sectors and the kind of employment available in them.

• (1035)

The Chair: We're out of time. We're way over time.

Ms. Ruby Dhalla: Could I request that the committee get that report that she's speaking from?

The Chair: The report is part of her documentation.

Ms. Barbara Byers: Can I remind people, too, that there is a really good study by Monica Townson and Kevin Hayes, which was done for Status of Women Canada, about the question of women and EI. It's an excellent study, and it gives you a lot of the background.

The Chair: Thank you very much.

Okay, we're now going to move to Mr. Brown.

You have five minutes, sir.

Mr. Gord Brown (Leeds—Grenville, CPC): Thank you very much, Mr. Chairman.

I thank our witnesses for coming today.

The main point of this bill is to introduce the flat 360-hour entrance requirement. I heard Mr. Jackson say that he was not opposed to a variable program, which is what we have now.

Did I hear you correctly?

Mr. Andrew Jackson: We think there should be a common entrance requirement so people can get onto the program, but we haven't said that everybody should get the same length of benefits irrespective of the local unemployment rate—the argument being that everybody is at risk of unemployment regardless of the unemployment rate where they live, but it is easier for people to find jobs where unemployment is low.

Mr. Gord Brown: So you are supporting the main push of this bill, which is the 360, but you don't have a problem with there being variable entrance requirements for the duration. Thank you. I wanted a clarification on that.

I was very interested in some of the points that were made. I come from a business background, in the lodging and food service industry, as Mr. Godin knows—I explained that before when he was in front of the committee—so I understand many of the challenges. Also, from an investment side, I was very interested in some of the points that Mr. Cirtwill had.

Maybe you could expand a bit, Mr. Cirtwill, on this concept of a disincentive to work, and also how it is causing less likelihood of business investment. These are pretty important things. I come from the viewpoint that if the jobs are there on a year-round basis, people would rather work.

I was quite offended when I heard you talking about people from certain parts of the country being lazy, because my experience from the people who have worked in my business is that they want to work. I know when money is available that business owners invest in their companies and put people to work, and then they don't need to access these services.

I have one more point. In my area, there have been some layoffs in the manufacturing sector. I am very interested in hearing a bit more about how those who have been working for a long time could quite possibly get the better benefits, because those are the people who are having a tougher time transitioning back into the workforce.

Those are a few questions that I've thrown in. If others want to get in on some of those questions as well, I'd be happy to hear from them.

Mr. Charles Cirtwill: That's certainly a pile of concepts to address, so why don't I get at a couple of things without trying to highlight my bias or give you opinions.

First, on the side of the disincentive to work, it's not, again, as I said earlier, a question of people being lazy. It's a question of people doing what people have done since the dawn of time, which is to make logical assessments about what is in their best interest to do or not to do.

So if you take a look at the 50-year study that I referenced, looking at Maine and New Brunswick, what you find is a long-term trend of higher rates of the use of the employment insurance system, a higher take-up, a higher dependence on it, and that is for both the young working-age males and, disturbingly, women. Unfortunately that seems to be the case throughout all of these numbers, that women and other marginalized groups tend to take the brunt of these kinds of things.

On the investment side, again, to point to a concrete study, the analysis that was done by our institute following the changes that were made in the mid-nineties demonstrated that what you saw as a result of people having lower disincentives to work—in other words, that we didn't pay them quite as much and we didn't encourage them quite as much not to take those opportunities or not to look elsewhere for opportunities—is a raw increase in the number of employment. So you saw more jobs being created, more investment happening. Again, those changes were only in place for a very brief period, so the ability to extrapolate those preliminary findings to something larger is very difficult. But at least the preliminary trends were there.

So on the data side, I think that responds to both your question around investment and the question on the disincentives to work.

On the issue around the additional payments or the concept of rewarding people for long periods of time in employment, I unfortunately do not have any numbers on that. We haven't done an analysis on that exercise, but I think that with many of the comments we've heard here around the fact that EI has to be changed, it has to reflect the new reality of the economy, that it's not simply an exercise where everybody has a 30-year job and we need to have a program that helps them transition from one 30-year job to another. That's where we get into the exercise of whether the incentives are right in the structure.

I don't think this bill or its other two complementary bills, which are tinkering around with little pieces of it, are going to solve the EI problem. I think we need to take a serious look at the issues these folks are raising around women and aboriginal and visible minority groups, but we also have to take a serious listen to the concerns around the business groups, and ask, do we need to start from scratch with this legislation?

• (1040)

The Chair: That's all the time we have. We're going to move on. We're going to have Mr. Lessard, from the Bloc, for five minutes, sir.

Mr. Lessard.

[Translation]

Mr. Yves Lessard: Thank you, Mr. Chair.

This isn't getting any better. Mr. Cirtwill is saying it's not that they are lazy, but those who are the least well-off take advantage of the system. That is the take-home message. And that message is getting worse. Someone said that statistics are weak by nature and that, if need be, they can be twisted to say anything you want them to say. And that is kind of what our colleague Mr. Lake did earlier. The premise of what he said was that the employment situation had improved because of steps to tighten employment insurance eligibility criteria and that, by extension, this had also had a positive impact in terms of poverty levels. Did I understand you correctly?

The United Nations' social measures committee observed the situation in different countries and indicated that when you compare statistics on poverty in Canada from 1990 and today, clearly the situation hasn't improved. There are not more poor people, but those who are poor are poorer than they used to be. It has been observed recently that there are an increasing number of poor people who have a job. Even though they work, they use food banks. The highest use of food banks among workers is in Alberta. It is 17% in Alberta, whereas the national average is 14%, with 13% in Quebec. So when you make those kinds of comparisons, you always have to work from the same points of reference.

Mr. Lake asked a question. It's always very interesting to listen to what others have to say because it helps us understand what might motivate their decisions, especially when those people are in power. And these people aren't listening. They're asking the unions and groups representing the unemployed what studies they're doing and what recommendations they have to improve the employment situation. 150,000 people have lost their jobs over the past five years in the manufacturing sector in Quebec alone. From what I understand, the unions and groups representing the unemployed have solutions. These solutions have even been brought before the House of Commons, but you have refused to entertain them. Why aren't you listening? You criticize them for not bringing forward solutions or recommendations. But clearly, you're not listening if you're playing with your BlackBerry.

It's the same situation in the forestry industry. There are 25,000 people who lost their jobs in the forestry sector. And what was the Conservatives' answer to this? They didn't listen. There was nothing for this industry in the budget. And that's also what we are trying to get at. When you talk about the unemployed, you're talking about people who have not got the help they logically needed from their government, which has meant they have lost their jobs. It is not just a coincidence that they lost their jobs. The 25,000 forestry workers want to work. They have demonstrated, and last week, about a hundred of them went to Mr. Blackburn's office. These people want to work. But they're not being given any work, and all they're being told to do is go and work in Alberta, uproot themselves, and live in poverty in Alberta and have to use food banks.

I want to hear what our friends have to say on this matter. Am I mistaken when I say that you have made recommendations despite the fact that they say you've done nothing in this regard?

• (1045)

[English]

The Chair: Okay, who wants to answer that? You have about 45 seconds.

Ms. Byers, did you want to take a crack at that?

Ms. Barbara Byers: The question, as I understand it, is what do we do about...? Well, I mean....

Ms. France Bonsant: What's your recommendation?

Ms. Barbara Byers: What's our recommendation?

Our recommendations are these. First of all, you have to include access. We have to extend the duration of benefits and the level of benefits. We have to get back to a system that works for the unemployed during their times of unemployment, whether it's regular benefits or special benefits. And we have to increase the active measures as well.

The Chair: Thank you very much. That's all the time we have.

We're going to move to Mr. Savage, for five minutes, please.

Mr. Michael Savage: Thank you, Mr. Chair.

Again, let me thank the witnesses. This has been a good lively discussion on an issue that matters an awful lot to an awful lot of Canadians, so let me commend Monsieur Godin for bringing it forward once again as well.

I want to go to what I was talking about the last time, that I believe we need to do something on the EI side. It may be on the employer premium side as well, but we've done a lot on that side in the last 10 years. We need to do something with EI to make it meet the needs of Canadians in a more effective way.

The issue, what is it? We've had some private members' bills. We've looked at Bill C-269. We've looked at eliminating the two-week waiting period, which is very justifiable. It makes sense to me. Eliminating the black hole on the other side makes sense. We need to do something for part-time workers and for female workers. Self-employed people, creators, artists are discriminated against in the EI system, I would argue. Some of them are prepared to pay both sides of the premium if they can qualify for EI.

We can go from 55% to 60%, we can extend the benefit period, and we can look at the arm's-length provision whereby people in communities are discriminated against because they happen to work for a relative, for example. We can look at Bill C-278, Mark Eyking's bill. To go from 15 weeks to 50 weeks on sickness makes a lot of sense. I think the cost of that was in the range of \$700 million, if I'm not mistaken. It costs \$1.2 billion, I recall, to go from 55% to 60%. So we have to figure out the best thing.

I want to comment on Pierre's comment earlier about the fact that he has led a movement to bring the three opposition parties together on EI so we can go forward. The NDP and the Bloc are entirely well intentioned with their movements on EI. We're looking, as a government in waiting, at how we can really move forward with employment insurance reform that makes sense. It's not a burden that's carried by the NDP or the Bloc, with all respect. We have to look at what we can do, people like Mr. Rodriguez, who's joined us here, and Rodger Cuzner, and Dominic LeBlanc, and the people who are looking for EI reform. We want to do the right thing for EI, but we want to make some changes. I think some of the leadership that was shown by some of the labour groups, particularly in Quebec, to bring us together is worthwhile. We need to do something to be fairer to workers.

I want to ask a specific question. I was going to Laurell, but Barbara, perhaps anybody, maybe starting with you, tell us about a specific circumstance that a lot of women find themselves in on EI, which is the vicious cycle of child care and employment insurance, and the fact that, you know, you have to be able to go to work, and one of those conditions is that you have to have some child care, particularly in the case of single women who don't have it. Can you comment on that vicious cycle piece of it and how it affects women?

Ms. Barbara Byers: What we know is that women are taking time out to look after their children, or sometimes it's also taking time out to care for other dependent people in their family, which means they're out of the workplace. And if they've been out for a certain period of time, what you end up with is their having a higher entrance requirement again.

We're looking at this whole thing in terms of our women's economic equality agenda. It's connected to EI, but it's also connected to having child care. How can you go to work if there's no child care or no opportunities for those spaces?

I just want to go back to your opening comments, and I guess other comments. While we sit in rooms like this arguing about the best way to do it, nothing gets done for the unemployed. I want to say to people, "For God's sake, do something." If you can do this bill, then that's a start, and then whatever your political careers are and whether you face unemployment or not, the reality is that the unemployed will actually be getting something from a program they pay into.

I'm sorry if I appear impatient, but if you ran into the people we run into across this country and in Quebec, who are absolutely devastated by short and long periods of unemployment, then maybe it would have more impact with people.

• (1050)

Mr. Michael Savage: I want to ask you something very quickly, Pierre, Barb, and Andrew Jackson, if I could.

The government has announced a separate EI fund as a crown corporation. This committee, in a previous incarnation, called for a separate organization, not necessarily a crown corporation. There are a lot of people expressing concern that a wholly arm's-length agency, even if it's just on the premium side, will eventually lead to reduced benefits for workers.

Can I have your quick thoughts?

Ms. Barbara Byers: Okay. We need to see the bill, obviously, that's going to create this crown corporation, but we have some of those same concerns. We don't want to be in a position where questions can no longer be raised about EI because the government can say, "Oh well, it's over there that it's dealt with; go talk to the president of the corporation."

There's \$54 billion, some say \$55 billion, owed to workers in terms of cut benefits and limited access. We've felt for a long time that workers should have a greater say in that, and that governments shouldn't just get to go and spend it. We don't want to be in a position where Parliament then can't review it, but we need to see the bill.

The Chair: Thank you very much, Mr. Savage. That concludes your round.

We're going to move to the last questioner, Ms. Yelich, for five minutes.

Mrs. Lynne Yelich: Welcome to the committee. I will be sharing with Jacques. I just want to make a couple of comments.

First of all, I think unemployment insurance is for all workers across the country. So when Mr. Lessard zeroes in on the forest industry, that is why programs were created out of the EI part II, specifically because we have to take that sector and address some of the hardships with \$127.8 million in the initiative of competitiveness. The forest industry has been going under some terrible hardships, and it's been for quite a while. That is why there have been programs like the community development trust and the targeted initiative for older workers. There's been an increase in that funding, because that is what the EI part II is trying to address. The unemployment we're talking about today, the insurable benefits, the premiums, that is all about changing some of these rules that really have nothing so much to do with that.

I want to ask a question, because one part that's missing here is from the small business and small enterprise people, and this is where I feel the women don't have a voice. The small and medium enterprises are really growing, very quickly, and it's because of women. They're all employing maybe fewer than five employees.

This is not just urban; this is rural. This is what a lot of our rural women have chosen, because many of them want to be raising their own children. Some have decided that starting businesses at home or in small communities is working and working really well. I think it's a very important statistic that has been missing here.

Do you have any statistics on that, Mr. Cirtwill, about women in small businesses and enterprises? I do feel that CFIB has raised a real concern about any changes. They are the ones who had a strong voice in making sure the benefits and premiums were more in balance.

Taking from them, because they make up a huge amount of the people who employ these same people we're trying to protect with employment benefits, can you give us some sort of indication of how important this is to women, to make sure we keep a balance here, that the organizations are also specifically going to help these women?

• (1055)

Mr. Charles Cirtwill: No, I wouldn't have numbers breaking down the percentage of small businesses started by women or led by women. I would say it's interesting that Mr. Savage made the suggestion that we need to take a look at self-employed people, because I think getting to your point around women starting small businesses, this is one of those risks. If they move from salaried employment into creating their own business, there's no sharing of the risk with the rest of us in Canadian society.

Certainly that's a conversation worth having.

Mrs. Lynne Yelich: That's where I would like to see this go. I'd like to see these people suggesting that maybe we have to look at where we can help all the people who don't have accessibility.

Go ahead, Jacques.

[Translation]

Mr. Jacques Gourde (Lotbinière—Chutes-de-la-Chaudière, CPC): Thank you, Mr. Chairman, for giving me the opportunity to speak. There's only a couple of minutes left.

I'd like to ask the panellists, if they have time to respond, to paint a picture as to the differences between the regions, and the cities and towns which are mono-industrial. Unemployment levels are not the same everywhere. In some places, there's 4% unemployment, and in other places, 12%. Do the terms and conditions have to be the same everywhere? Under the new system, you would need 360 hours. Explain to me why you would want to better protect workers in areas where there's 4% unemployment, given the opportunity they'd have to find other employment. When you live in an area where there's 4% to 5% unemployment, it's easier to find a job. Is this about which political party you belong to? When you live in an area where unemployment is at 17% and you end up jobless, the likelihood of getting a new job is more limited. Explain to me why everyone needs to be put into the same basket.

Mr. Pierre Céré: My take on the matter is that the employment insurance system needs to be improved and that the eligibility criteria must be relaxed. This single eligibility criteria is no different from the health care single eligibility criterion. Medicare does not make a distinction between the various regions based on whether there are fewer or more sick people. Access to the health care system is universal. Employment insurance does not cause unemployment. Occupational health and safety systems don't cause workplace illness or accidents. If you have an accident at work—and I don't wish this on anybody and I'm glad that we instituted universal social systems years ago—or if you have a work-related illness, you're protected. When you have health problems, you have access to health care. Thank God, because it would be a bloody struggle if we didn't have access to a health care system. The same is true of employment insurance: an employment insurance system protecting workers is important.

I'd like to take this opportunity to make an aside. I respect employers. We've often had an opportunity of collaborating with them. Just two weeks ago, I was with the heads of Packard, a big Montreal area auto company. It is not a "hole-in-the-wall" kind of place, it's a company that employs over 1,000 people and makes trucks. It is having economic difficulties and orders are down because manufacturing has gone south. They needed information on the shared-work and employment insurance system. If you give these people access to pre-retirement, will they be entitled to employment insurance with the possibility of returning to work at some point in time? They need these workers who are familiar with the equipment and have experience. The employers need employment insurance to cover these workers at difficult intervals. They don't want to see them go to Alberta or elsewhere.

In closing, Mr. Chairman, I'll take 15 seconds to say this. Once again I strongly urge you to find a majority. I didn't say "a consensus". Why didn't I say that? Because we're not expecting anything from the Conservative Party.

[English]

The Chair: Thank you very much.

That's all the time we have. We're over time. We have another meeting that goes on in here right after ours. That's why we have to disband now.

I want to thank the witnesses for being here, for taking the time on such short notice to be here.

With that, the meeting is adjourned.

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