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Chair

Mr. Dean Allison

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•(0905)

[English]

The Chair (Mr. Dean Allison (Niagara West—Glanbrook, CPC)): I call the meeting to order, pursuant to Standing Order 108 (2), as we continue our study on the Canada Employment Insurance Financing Board.

I want to welcome all of our witnesses today. I realize some of you had little notice and some of you had less than little notice. We really appreciate your showing up today.

Just before we get started, there is some housekeeping to take care of, the bulk of which we'll leave until afterwards. We need to approve the request for the operational budget to hear our witnesses. I believe everyone has a copy of it in front of them. Is there any discussion on this? I'm going to pose the question, then, that someone move to adopt the budget.

Mr. Savage, seconded by Tony.

(Motion agreed to [See *Minutes of Proceedings*])

The Chair: Once again, I want to thank all the witnesses for coming in so quickly. I think most of you have been here before, but in case you haven't, I'll identify you. We're going to ask for seven minutes for opening statements, because we're trying to give each organization a chance for questions and answers.

I will start with Mr. Morrison and Mr. Atkinson. They're from the Canadian Construction Association.

Mr. Michael Atkinson (President, Canadian Construction Association): Thank you, Mr. Chairman.

The Canadian Construction Association welcomes this opportunity to present its views on the proposed new governance and rate-setting reforms for the employment insurance program. We are the national voice of the non-residential construction industry, representing some 20,000 individual firms from coast to coast to coast, 95% of which are small businesses, the majority of them Canadian owned.

The total construction industry in Canada, including the residential sector, directly employs over 1.2 million Canadians, or one out of every 14 working Canadians. Our industry is therefore a major contributor and beneficiary of the current EI program.

Mr. Chairman, CCA supports the proposed reforms as they relate to both the governance of the EI fund and the EI premium rate-setting process. First, the segregation of the EI fund from the

consolidated revenue fund ensures that operating surpluses and investment returns remain in the fund and are used for their intended purpose. In addition, the establishment of an arm's-length independent body with private sector financial management experience to manage the fund will maintain its integrity while ensuring that rate-setting decisions are based upon financial considerations.

The proposed changes to the rate-setting process are much improved since, for the first time, the corporation will be able to truly set break-even rates, in that the past performance of the fund and investment returns can now be factored into those calculations that heretofore were not allowed because of the forward-looking restrictions or limitations on the ability of the chief actuary and the commission to set rates. Despite these positive steps, however, there are still further needed reforms relative to premium rates.

CCA believes it is time to reinstate equal premium rates for employees and employers. In other words, eliminate the employer multiple. Prior to 1972, employers and employees made equal contributions to the then unemployment insurance fund. It was only in 1972 that employers started paying a 1.4 multiple. This occurred at the same time as the federal government announced it would cease contributing 20% of the operating program funds.

The apparent rationale behind the employer multiple is that employers have greater control over layoff decisions, thus triggering the payment of EI benefits, and therefore should bear a higher overall share of program costs. In recent years, however, EI benefits totally unrelated to layoffs have been introduced, such as family-related benefits, parental leave, and compassionate family care, which accounted for some 22% of EI expenditures in 2006. In addition, developmental uses or training grants have become a significant part of the program, contributing to much higher program costs, representing 11% of EI expenditures in 2006. In fact, many of the benefits paid by the EI fund currently are now triggered by employee decisions rather than employer decisions.

The rationale for an employer multiple is no longer valid. Eliminate the employer multiple. Equalize employee-employer contributions.

Secondly, employees are refunded for excess contributions over the annual contribution limit, but there is no mechanism in place to refund employer over-contributions. Given the nature of the construction industry, it is not uncommon for a construction employer to operate a group of associated companies. It is also common for the same employee to be engaged by more than one of these associated companies over the course of a year. This group of associated companies is treated as a single entity for tax measures, such as the small business deduction. However, they are treated as different employers for the purposes of the Employment Insurance Act. As a result, especially with the introduction of the accelerated payment system, employers are finding themselves paying more than the maximum levels with no means for a refund, even in situations where the employee is essentially working for the same employer.

We would ask for a mechanism to be introduced to refund over-contributions to employers, which this committee has recommended in the past, and to treat associated companies as a single employer for the purposes of annual EI premium contribution limits and the proposed refund system.

Thank you for your attention. We welcome questions and discussion.

• (0910)

The Chair: Thank you, Mr. Atkinson, for keeping that well under seven minutes. That's a good precedent to set as we move around the table.

We'll go to Mr. Murphy. I understand, Mr. Murphy, you only found out yesterday, so thank you for being spontaneous and being able to make it out today for your trades. I realize we may have had you on the list for Thursday, but you were in town so you were able to accommodate our schedule. So thanks for being here today.

Mr. Cliff Murphy (President, Cape Breton Island Building & Construction Trades Council): That's correct, but I wasn't aware I was on a list for Thursday either.

The Chair: Your colleagues on the east coast made sure you were on that list.

Mr. Cliff Murphy: I'm president of the Cape Breton Island Building and Construction Trades Council. We have more than 4,000 members there, and affiliated across the country we have 450,000 to 500,000 unionized building trades workers. As my counterpart has said, in the construction industry our members are beneficiaries of the EI program, because nobody would build anything if they didn't think they were going to finish it. Automatically, at some point, we're going to wind up on unemployment.

I have a concern over the \$2 billion initial funding of the Canada Employment Insurance Financing Board. I don't think that's enough. I've been in the construction business for more than 40 years. I've seen during the course of that time several deep recessions in the construction industry. There were a lot of unemployed people. I would agree with the Auditor General and the chief actuary for EI, who suggested that between \$10 billion and \$15 billion would be a more realistic figure for an amount this board needs to break even in the case of a recession.

Also, I would like to know if the Government of Canada is going to benefit from any profits that come out of the investment of the funds, similar to Export Development Canada and the Business Development Bank profits from the investments that go to the Government of Canada. I would like to see this board be a stand-alone board with the funds that come into it staying in it and the interest that's accumulated staying in it. If there's any kind of profit or excess, it should be dealt with through reduced premiums or a holiday in premiums, to give our contractors a competitive edge in this global economy.

On other issues, we see that the construction business in this country is about 12% of the GDP. We would like somebody from industry on this board: somebody from the management side and somebody from the union side. The CLC, of course, will be here looking for a position. We think that the building trades in Canada should be sitting at this table, on this board, because we're big beneficiaries of both part 1 and part 2 programs.

There is another reason we're here. In the building trades, in the defined benefit plans for industrial plants that are unionized, generally under those circumstances the owners control the pension funds and the money, so most of the industrial unions don't get involved as trustees. In the construction industry we have multi-employer plans, we're jointly trustee, and we would say that we have a lot more experience than the industrial unions. We would like to see somebody here who knows about investing in pension plans, because there's billions of dollars in the construction industry in this country being invested, and the trustees who are there have to do a good job. They have experience and training. Most of them have taken advanced training management courses in the investment of pension funds.

I was shocked when this thing went through in March. It's a whole change to the social fabric of the country. I was shocked that there wasn't more talk about it in the House.

• (0915)

On the part 2 training, as you know, in 1996 Jean Chrétien kind of gave up training nationally and was going to turn that over to the provinces. I think he wanted to keep Quebec happy at the time. Well, prior to that there were regional industrial training committees, and people in the local areas had a say in where the money would go. We'd like to see some of that \$54 billion go to training people. There are shortages in the country. There are people who fell through the cracks in this country.

Not too long ago, we put natives and black people who didn't have grade 12 through a course, and we successfully got them into an apprenticeship. We had to fund that ourselves. I don't think industry should be looking at that.

All this money is a big surplus. We think it shouldn't just go into a black hole somewhere and bring foreigners to the country. We should be using that money to train people.

I'd like to know what powers this board is going to have to fix things like the EI rates. From 1989 to now, I think the benefits have gone up by about \$20. If you took a family with one wage earner and two kids, that four hundred and some dollars a week is below the poverty line.

We really don't want to see this \$54 billion disappear into oblivion and wind up with this ridiculous \$2 billion being offered to this committee. This committee is going to need a lot more money to do the job that has to be done in this country.

With that, I guess I'll wrap it up.

The Chair: Thank you, Mr. Murphy.

Budget 2008, as well as the officials we had here at the last meeting, indicate the board will be independent and premiums will be returned to employees and employers through lower rates, if that is the case. That \$2 billion was indicated as the cushion to make sure....

You indicated your concern if we get into some slow times. I would anticipate that rates will go up as a result of that. That's what we have heard over the last couple of meetings.

I just wanted to let you know what the department is telling us is the direction they're trying to head in.

Mr. Cliff Murphy: Sir, there's one other thing I'd like to ask you before you move on.

If you get into a situation like that, where there is a recession and there's a shortfall here.... I don't know who came up with the \$2 billion, but the \$54 billion that was saved up in this plan was put there by employers and contractors or owners. I really feel the government should backstop that. If there's a shortfall, I don't agree that the premiums should go up at all. I think the government should step in and give back some of that money, if you're going to take it. I don't think you should take any of it.

● (0920)

The Chair: Okay, thank you.

Mr. Hanson, once again, thank you for being here today. You have seven minutes as well, sir.

Mr. Dannie Hanson (Project Manager, Louisbourg Seafoods Ltd., As an Individual): Thank you very much, Mr. Chairman and members of the committee. This is my first time in front of the parliamentary committee. I do thank you for the privilege of being asked to give our opinion.

I am one of the managers in the fisheries industry in Louisbourg, Cape Breton. We have 400 employees, 600 at peak time. I'm on many boards; there are a lot of them. We in Nova Scotia are proud, even though sometimes we debate with Newfoundland. We export the most fish in Canada. That's still the truth. We have a large processing industry and of course, as you know, inshore and offshore fisheries.

So every time you move on the EI, you could be doing one of two things: helping us or getting your head cut off, because part of our seasonal employment is simply something we must be proud of in the fisheries resource industry. I'm also experienced in forestry, agriculture, and tourism. We do not have the pleasure in those industries of being considered to be moving into full-time employment. We don't, and neither do you. That's a reality of Atlantic Canada and even western Canada in fisheries.

Even though we do global and free trade, and quality enhancement—and all of these new buzzwords that are used—all

of which are very important, fisheries still depend on the weather and the stock. So we're always going to be without income, and you cannot move 45- to 50-year-old employees onto a bus or a plane every time we pull a boat in. These are just realities of the industry.

But some of your work and what you're doing on this bill, as Mr. Atkinson says, indeed is good. Mr. Murphy said that if the fund goes down we shouldn't put in more, and he is absolutely right. Please try to see that happens.

Most of our employees are, as I said, 48 to 52. The past number of years has seen a drop in EI rates, which we are very pleased about. Now, this is good news, but most of the \$52 billion has been paid by the baby boomers, which means us, and I believe—I'm 52, so anybody 48 and up is a baby boomer—we're on the way out. So we have paid most of that \$52 billion that's moved. I read four media articles, and they all had different numbers, so I just picked 52.

Under the budget introduction for CEIFB, the EI fund will pay benefits only. The CEIFB would set the rates with no more than a 15¢ increase. It would be a break-even fund from the balance of revenue expenses, it would have a \$2 billion foundation at all times, and it would be a crown corporation. Now, most of that makes sense. But some of it is very dangerous to us in the fishing industry, because you're moving, in the last part, to a crown corporation. I'll get to that in a minute.

Rate-setting mechanisms. Maintaining a cashflow under a new mechanism will take into account surplus defects that arise on a go-forward basis and allow break-even over time. The maximum new rates will be 15¢. Why allow any new increase? Why only put back \$2 billion? Why not put back more of the \$52 billion and ensure no rate increases for the next five years while you try this project? Keep enough there. Two billion dollars is just not enough of a security cushion. Where you're asking for that, put more in there for the next five years.

I found out about this meeting on Friday. My neighbour came down on Saturday and asked me to tell you to put it all back...and a few more things I can't say here. I did try to explain that it helped us somewhere.

The 15¢ would mean an increase, if you just automatically did that, to \$17,000 for the owners of three of the companies I manage. So that's \$17,000 in real dollars on that 15¢ increase. There are still four more companies, and I'm only representing seven companies. For the industry overall in Nova Scotia, that 15¢ is significant. Please don't look at it as just 15¢. More than that \$2 billion should be put back.

What will happen with the EI premiums in the areas that have higher than national seasonal adjustment unemployment? I said that in my opening remarks. I won't go on too much about it, because you all understand that.

• (0925)

Eastern Nova Scotia's unemployment rate is 13.5%; Newfoundland and Labrador's is 17.8%; Quebec, Gaspé, Isles de la Madeleine, 17.5%; northern Saskatchewan is 15.2%; Yukon, Northwest Territories, and Nunavut, 25%. All the rest are single digits. Now, if you bring in enough money in rates—the money must come in on a national rate of \$2.70 or \$2.80, let's say—there's going to be a day when your crown corporation vice-president or president is going to be up here in front of you saying, “You've got to move Cape Breton up. You've got to move Newfoundland and that community in Quebec, because they're on unemployment too much.” That's what's going to happen with this crown corporation.

My last point of concern has to do with the World Trade Organization and EU now looking at fisheries as possibly a subsidy. Look at what happened in the lumber industry. Mind, you did a good job and settled, but it took a long time. A lot of us can be hurt. When we move our resource sector to a crown corporation and have CEOs who have their breakfast every morning down the street next to deputy ministers, they're all on the same page. When they move and then the CEO answers up to your Canada employment commissioner, before it ever gets to you, before we get to our MPs to get that policy changed, we've already been hurt three months down on the ground. It takes three months to get back here to you. So we've been pounded for six months with CEO moves on rates and on concerns of the global economy. That's what happens in a crown corporation.

These are our concerns. I didn't come here to pound you just because you're changing the act. We must move forward. In fisheries, forestry, tourism, and agriculture, we are seasonal, we are proud. In our experience, in crown corporations the CEOs and the presidents get carried away. It doesn't get up to you people quick enough to change it, and you've already hurt us.

So find a mechanism to control that vice-president and CEO and then you'll get some level of comfort from us. But until that time, we will have you looking at us and we have a CEO or vice-president looking at us. I could name a few, but you all know you don't want them looking at you because they're going to cut you.

These are my concerns.

The Chair: Thank you, Mr. Hanson. We appreciate your testimony.

I would now like to welcome Mr. Gagnon, from the Canadian Institute of Actuaries.

Mr. Bruno Gagnon (Chairperson, Task Force on Financing of Employment Insurance, Canadian Institute of Actuaries): Good morning, honourable members. I will speak partly in French and partly in English. I hope it doesn't bother you too much. If it does, please let me know.

My name is Bruno Gagnon, and I thank you for inviting the Canadian Institute of Actuaries to share our views on part 7 of Bill C-50 with regard to the creation of the Canada Employment Insurance Financing Board. As actuaries, our area of expertise is

basically insurance, which includes social insurance, which in turn includes employment insurance.

[*Translation*]

Our profession holds our duty to the public above the needs of the profession and its members, and it is in that spirit that we made public our December 2007 report on EI financing and that we are appearing before your committee today.

The initiative outlined in the budget has the potential to create an excellent system. However, there are several elements of C-50 which, unless they are changed, could cause significant problems for workers, businesses and government.

We are very pleased that beginning in 2009, a system will be introduced that guarantees the premiums will track program costs. That will be a very positive outcome. However, it is our opinion that the requirements of the CEIFB to set rates based on estimates of the revenues looking forward only one year is seriously flawed and could cause problems.

[*English*]

The one-year pay-as-you-go approach is flawed, from our point of view. In our notes we have a scenario where we assume that a recession hits Canada. You probably all know that recessions do happen from time to time. The major problem with recessions in our current time is that no two recessions are identical; no two recessions have exactly the same causes. So a recession may hit Canada at some time. If you read the news, according to Warren Buffet the U.S. is now in a recession. So a recession can happen.

Let's assume that a recession hits Canada and unemployment levels rise to 8%, which is not that much; it's not unheard of. The payment to out-of-work Canadians increases by approximately \$3 billion. So the \$2 billion reserve of the board is depleted and the EI account has to borrow \$1 billion from the government, even though we already have this \$54 billion to \$56 billion in the current notional EI account. So the EI account is forced to borrow \$1 billion, and unemployment levels are rising and may rise even further. What happens then? We borrowed \$1 billion so we have to repay \$1 billion. We have to replenish the \$2 billion reserve or cash balance, and we have to increase rates to take into consideration the higher unemployment level to repay the \$2 billion reserve and the \$1 billion loan.

In this situation we might have to raise the premiums above the legislated limit of 0.15%. Consideration of applying the 0.15% would fall to ministers. It would not be a very easy decision, because if you applied the 0.15% ceiling you would run a deficit and the deficit would accumulate. The impact on Canadian businesses, which pay nearly 60% of the cost of employment insurance, would be huge, because at exactly the same time, profits would be lower and limited. Cashflows would also be lower. Workers would have to pay 40% of the cost when they were already at risk of losing their jobs, and businesses would need to find money somewhere.

So even during an economic downturn that was not very deep—an 8% unemployment rate is not that deep—the one year going forward would necessitate raising premiums on each occasion. We believe this is significantly pro-cyclical, and as actuaries we are not comfortable with a pro-cyclical mechanism and the one-year-going-forward basis.

• (0930)

[Translation]

Under the proposed system, premium rates could vary irregularly from one year to the next, even if nothing unusual happens, simply to offset the errors made in forecasting.

The \$2 billion reserve has no preventive effect, because it has to be replenished each year. No financial burden is imposed on the government, because the board's operations are fully consolidated with those of the government. That makes us feel rather uneasy.

There are also a number of restrictions in Bill C-50 that run counter to the promise of independence made by the Minister of Finance in his February 26 budget.

We think it would be preferable to determine premium rates over a five- to seven-year period, which is closer to an economic cycle.

[English]

If Canada had kept to an insurance model with a typical actuarial process similar to what we are recommending, the EI system would currently have a \$15 billion reserve, not a reserve over \$54 billion. So we recommend that premium rates be set taking into account a five- to seven-year period. We recommend that Bill C-50 be amended to allow the chief actuary and board considerably more latitude in the assumptions and projections used to develop the premium rates, taking into account once again the five- to seven-year time horizon. Finally, the institute reiterates its position of principle that the existing surplus belongs to the EI system and its contributors and should be addressed clearly once and for all.

As a final closing comment, if we had applied a typical actuarial process to this whole thing, we would currently have a \$15 billion reserve in the EI account, and the remainder would be something else.

• (0935)

The Chair: Thank you, Mr. Gagnon.

We'll now move to our last presenters, Mr. Chassin and Mr. Kelly-Gagnon.

You have seven minutes, gentlemen.

[Translation]

Mr. Michel Kelly-Gagnon (President, Conseil du patronat du Québec): Good morning. My name is Michel Kelly-Gagnon. With me is my colleague, Youri Chassin. I will be making my presentation in French.

I think it is important for the Conseil du patronat to be involved in the discussions regarding the financing of employment insurance, because it is the main employer organization in Quebec. In addition, it includes 60 sectoral employer sub-groups, which represent almost all sectors of the economy.

The CPQ has long called for an EI fund dedicated solely to employment insurance, and we are very pleased to see that the government is moving in this direction. In the past, premiums unfortunately became disguised taxes and went straight into the federal government's Consolidated Revenue Fund. This damaged the credibility of the premium rate-setting formula.

We are in favour of this change, but we would like to take this opportunity to tell you about two concerns.

First, it is important to ensure that this new structure not create an additional bureaucracy, but rather rely on existing expertise, particularly that of the Chief Actuary of Human Resources and Social Development Canada. In other words, we must limit the operating costs of this new structure as much as possible, because they will be paid by the employers and employees of this country.

Second, like some of our earlier colleagues, we think the \$2 billion reserve is inadequate. If we base our calculations on the fact that in 2007 employment insurance cost \$16.5 billion, that means that an unforecast variation of one percentage point in the unemployment rate could result in additional costs of about a billion dollars.

We therefore think that the amount of the reserve should be at least 20% of the total current cost of EI. So 20% of \$16.5 billion, which would be the base year figure, would produce a reserve of at least \$3.3 billion.

However, with respect to the notional EI fund of \$54 billion, although, theoretically, we might want employers and workers to receive a full refund and enjoy a premium holiday, in practice, unfortunately it is impossible to rewrite history.

Furthermore, in concrete terms, if we were to go in that direction today, this would mean either an increase in the debt or an increase in taxes. So we would find this an unacceptable solution.

In closing, I would just mention that the cost-sharing formula is a good one. However, as was mentioned by the people from the Canadian Construction Association, the CPQ is asking that the costs be shared equally, rather than as proposed in the current formula. The employees of this country benefit from the program just as much as any other party. So a 50-50 formula would be fair.

The board of directors must be independent, and there must be some parity, in other words, both employers and employees must be represented on it.

For your information, I and the CPQ are part of the executive committee of the Quebec Workmen's Compensation Commission, which has an annual budget of \$2.3 billion and a portfolio of \$9 billion in assets. So we already have some expertise and experience in this area.

That completes my opening remarks. Thank you.

• (0940)

[English]

The Chair: Thank you, Mr. Kelly-Gagnon. We appreciate that.

We'll now start our first round of seven minutes. I have Mr. Savage to start us off.

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

I'd like to thank you all for coming today. I know that the notice was relatively short, very short in some cases, so I appreciate the fact that you took the time to come.

We have decided, as a committee, that we want to have a look at this new EI Commission. As you know, it was indicated in the budget that this crown corporation for EI would be created. It's a big change. One of you, maybe Mr. Hanson or Mr. Murphy, referred to this as a dramatic change. It is a dramatic change. It doesn't mean it's necessarily bad or good, but it's something that I think needs to be evaluated, and I think we need to have that input. So it's a worthwhile thing for this committee to be looking at, and we need to get the input of people who are affected by this move.

I must say that last week we heard from departmental officials about what they know about it, and they allayed some of the concerns that had caused me to bring the motion to study this to the committee. But there are some concerns that remain, notably the fact that outside of these few sessions we'll have as a committee, there hasn't been much consultation thus far. And the officials indicated last week that there probably isn't going to be much more until this board is put in place.

We're concerned about the operating costs. Ms. Sgro mentioned that at the last committee meeting. I think Mr. Kelly-Gagnon mentioned that we want to make sure we're not just creating another bureaucracy, that there are changes that have to be made by government anyway. The issue raised by Mr. Gagnon about whether this is recession-proof is a good question. I want to get into that with you if I have time. If not, I know that other members will. The other issue is the makeup of the board and how we're going to go about doing that.

I thank you all for coming, but you'll understand if I start off with our witnesses from Cape Breton. I think it's very important that we hear from people who are directly affected, both from a worker point of view and from a management point of view, in an area where EI plays a very important role.

My colleague Mr. Cuzner, who pushed very hard to have you included as witnesses, sends his regards. He couldn't be here today.

I want to ask a few questions of you guys. I appreciate the fact that we've had a bit of Cape Breton bluntness brought to this consideration of EI, so feel free to speak your minds and tell us what you really think—not that I need to tell you that.

So Mr. Murphy and Mr. Hanson, first of all, I'd like either one of you, if you could, to tell us how important EI is to the social infrastructure where you work. Perhaps, Mr. Murphy, you could talk from a construction point of view, and Mr. Hanson, you could talk about the kind of fishery that would be possible if EI weren't in fact a part of the social infrastructure of your communities.

Mr. Cliff Murphy: From the construction industry side, as I said, some construction is seasonal. It's not truly a seasonal industry, because sometimes it rolls through, but most owners would like to

do their work in the good weather. We have a lot more activity in the good months than we have in the dead of winter. One thing that's very important, that used to be very important to our industry, was those mobility grants that let people travel across the country. They cut all that out. Now if the employer is in desperate need of somebody in Alberta, he winds up having to pay for somebody to move temporarily or whatever.

I guess there are about 2,000 or more people from Cape Breton working in Alberta, and they're there on a rotating basis. They get home for a month or a couple of months here and there to see their families, and the rest of the time they're 3,000 miles away working in Alberta. Any of you MPs who are away from home for a while will understand what it's like to be away from your families.

Another part—and Mr. Hanson will probably speak to this a bit better—is that tourism plays a big role in Cape Breton. That is truly a seasonal business. We're losing people; we're being depopulated as it is. If EI weren't there, the tourism industry really would be in dire straits when trying to get people to work there in peak season.

So I guess that answers some of your questions.

● (0945)

Mr. Michael Savage: Thank you.

Go ahead, Mr. Hanson.

Mr. Dannie Hanson: Thank you very much, Mr. Savage.

The social impact of EI in any industry that has a seasonal dependency can be measured in the way the children are dressed to go to school, whether they have money to go to the ski hill with the child of the government employee who makes \$60,000 or \$80,000 a year. That's how you have to look at the effects of seasonal employment, be it fisheries, forestry, tourism, or what have you.

These individuals are 48 to 52, as we said earlier. Our companies do not hire young people to go into the processing plants. I personally interview them and say, "Get into trade schools, get into this and that. If you're crazy enough to still want to, come back and see me after you get that." But we don't get them anymore.

We've had thousands of workers.... This is what you need to understand when you're talking about the social impact of EI. There are thousands of us baby boomers. They've had to work in the steel plants, mines, fisheries, or whatever. They didn't all have the opportunity to go to university, so we still have them. Their education level is not there, but their backs and their hearts are. So when these women—and in the plants, most of them are women—come out of there after a 48- to 50-hour week, and sometimes more between August and October, that EI cheque is simply all that's driving them to work, those stamps. Because after October it gets cold, and they're single income in most cases. You're paid only \$10.40. You do not get \$18 or \$20 an hour. It's not there.

Mr. Michael Savage: Thank you very much.

I want to ask one question before my time runs out, which is soon. Does anybody feel that the \$2 billion is enough of a reserve to start this fund with?

Mr. Dannie Hanson: I don't. You need more.

Mr. Cliff Murphy: I certainly don't. I think the administration costs and all of that are going to be rolled into that \$2 billion.

My friends from the actuaries have stated this here, and the chief actuary and the Auditor General of this country have said that in the event of a recession there could be a \$12 billion to \$15 billion cost. It's fine if you want to put the \$2 billion there, but you want to attach to it that for any real increases or unforeseen costs, the government is going to backstop it with the \$54 billion it has, and the interest it's gaining from that. This board should never have to borrow money from anywhere, because that would certainly drive up the premiums. I'm just astounded that the board would have to borrow money.

Mr. Michael Savage: Mr. Atkinson, do you want to—

The Chair: We're out of time, but let's hear from Mr. Kelly-Gagnon first, then Mr. Atkinson.

Mr. Michel Kelly-Gagnon: As we've stated in our presentation, we would hope for at least a 50% increase—so \$3 billion instead of \$2 billion. But we also believe that there's an issue of an equilibrium between what's desirable—and I think in his presentation Mr. Gagnon said that up to \$15 billion would be desirable—and the issue of public finance. I think you, as parliamentarians, will have to decide on an equilibrium between what's desirable and what's doable in terms of public finance.

The Chair: Thanks.

Mr. Atkinson.

Mr. Michael Atkinson: I would echo those comments.

I also think there are reasonable concerns that have been expressed about the low limit of the reserve. However, I have a concern about what happens on the other end in the event that the fund generates huge surpluses in that reserve. If the reserve is very high, there is a temptation then—because this is now a stand-alone fund—for our legislators to want to dip into it and use it, particularly now that it's not on the government's books. That has me very concerned.

So on the one hand, while I absolutely agree with all of the witnesses that we have to get a reserve that's reasonable to get us through the recession, to get us over a situation in which there's great demand on the fund, I'm also concerned about having a reserve that's too high and too tempting, quite frankly, to legislators who want to dump programs and other things off the consolidated revenue fund into a fund that's shouldered only by employers and employees. That would have me just as concerned on the other end.

The Chair: Thank you. You're not saying you have little faith in politicians, are you? No, never mind. Don't answer that question.

Mr. Gagnon, I'll have to catch you in the next round. We're way over time here. We're going to move to Mr. Lessard. We'll try to work you in, though.

Mr. Lessard, seven minutes, please.

• (0950)

[Translation]

Mr. Yves Lessard (Chambly—Borduas, BQ): Thank you, Mr. Chairman.

First, I would like to thank you for being here this morning. What you had to say was very instructive. I also think it will help us decide what recommendations we should make regarding Bill C-50. Earlier, the chair was saying that you were a little concerned about politicians. I understand that, particularly in light of what happened to the \$54 billion.

My first question will be to you, Mr. Kelly-Gagnon.

I was rather surprised to hear you say that the Conseil du patronat du Québec had given up recovering the \$54 billion, which you described as a notional amount. When employers paid 1.4% of salaries and wage earners paid money into the fund too, there was nothing theoretical about it. It was real cash.

Why do you say this was a notional fund? Is that not somewhat pernicious?

Mr. Michel Kelly-Gagnon: What I meant to say was that to my knowledge—and please correct me if I'm mistaken—the \$54 billion was not deposited in a specific account. We could not go to the bank now and ask for a cheque to be written on an account. For example, in the case of the Caisse de dépôt et placement du Québec, there is real money, which is invested in stocks. The \$54 billion, on the other hand, was notional, in that the figure appears in the books, but the money has already been spent.

Mr. Yves Lessard: Let us take your view of things a little further. The government borrowed money on the money markets to fund certain projects. It spent this money to carry out concrete projects. This money was not theoretical or notional. It is owed to the government's creditors.

Do you not think that the \$54 billion should have been treated the same way as the amount borrowed by the Canadian government on foreign markets? It could have been paid back at a rate that would not compromise the Consolidated Revenue Fund. Do you think this would be a good way of recovering the money? Your affiliates, for their part, have not given up on recovering it.

Mr. Michel Kelly-Gagnon: We do not see it as a question of giving up. For the time being, we would like the reserve to be somewhat higher than the figure that has been proposed. With respect to the fund, a press release has already been issued or will be released shortly. We continue to say that theoretically, it would be desirable to return this money. However, and this is where we may differ—we think that there are also some public finance considerations. When we ask our members what they would like to see happen, we note that their priorities include controlling the debt and not increasing taxes. We are trying to take into account the various wishes expressed by our members and to keep a balance in all of this.

Mr. Yves Lessard: I understand what you are saying. I do not know whether this committee will repeat its recommendation, but in 2005 it recommended unanimously that the money that was diverted from the fund be returned to it. The idea was that this was a loan that could be paid back over 32 years. At the time, the amount of money that was diverted to other purposes was \$46 billion, but it is now up to \$54 billion.

Let us take your argument a little further. The government sells savings bonds, which we all buy from time to time. Somewhere along the line, could it say that this money has become theoretical or notional, because it has used it for other purposes? That is precisely what happened to the money that was supposed to be used for employment insurance. I would like you to ponder that argument.

My next question is to all our witnesses.

The government is keeping the commission to assume responsibility for access to employment insurance and benefits. The board would deal with premiums only. Do you think this is a good thing or do you think that a single entity should be in charge of everything?

Mr. Kelly-Gagnon said earlier that he was afraid of creating additional bureaucracy. Would it be preferable to assign the entire responsibility to the Employment Insurance Commission and to give it the appropriate number of commissioners to do the work? Should the commission be given full responsibilities, including a chief actuary, as will be assigned to the board? That is just a hypothetical suggestion. I am not saying that we are headed in that direction.

• (0955)

Mr. Bruno Gagnon: We think what is proposed in Bill C-50 could lead to greater transparency than what we have under the current system. We think the gain in transparency and independence would offset any possible decrease in efficiency.

Mr. Yves Lessard: As an actuary, and one somewhat familiar with the ins and outs of accounting, tell me how an argument can be made that there would be greater transparency in this way.

Mr. Bruno Gagnon: The board will be independent, and the various parties involved may have greater representation on it. We think this would make for independence and greater openness to the needs of Canadians.

Mr. Yves Lessard: You understand, as we do, that the money in the reserve will continue to be in the Consolidated Revenue Fund.

Mr. Bruno Gagnon: Yes.

Mr. Yves Lessard: Are you not afraid that the government might once again dip into this reserve, as Mr. Atkinson was saying earlier?

Mr. Bruno Gagnon: That is exactly why we suggest a formula using a longer period and a \$15 billion reserve. The chief actuary would be able to include the interest on this reserve when he recommends a premium rate. So the reserve could not exceed \$15 billion. Each time it exceeded this figure, the money would be returned to people through a reduction in premiums.

[English]

The Chair: Okay, that's all the time we have, but I know Mr. Hanson wanted a quick comment, so I'll entertain that.

Mr. Dannie Hanson: Thank you, Mr. Chairman.

Regarding keeping the crown corporation and the two, that is the EI Commission and the parliamentary system, under the crown corporation I fear our conversations would get too business and corporate minded. With all the EI it is important to run it that way, and I like what you're doing, but you can't just dismiss us. If that Quebec community I mentioned is 17% and we're 19%, and all of a sudden the vice-president says they must go up because they're getting too many benefits, you can't give it all over to a bureaucratic

world when you have a touch of socialism and benefits to families, now that you're taking training out.

The Chair: Okay, that's all the time we have. I know there were two more people who wanted to get on the record, but maybe we'll catch them on the next round.

Mr. Martin, sir, seven minutes.

Mr. Tony Martin (Sault Ste. Marie, NDP): Thank you.

Again, as everybody else said, I want to thank you for coming this morning. This is, I think, a very important discussion, given, as has been said already, that there hasn't been much consultation so far on what I think is a fairly significant move with regard to a vehicle the government has had and has used over a number of years now to create some stability in various regions of the country and in various sectors of our economy. I think we have to be very careful of what we do in that respect.

I appreciated the comments, particularly by Mr. Hanson and Mr. Murphy, in terms of the wider impact that this is going to have. I know in my part of the world, in northern Ontario, we're very dependent on forestry. Right now forestry is in big difficulty. We have communities shutting down. People who have worked 40 to 50 years, who have made investments in homes and cottages, and some of them in small business, are now finding they're losing all of that investment, and they're moving on because they need work to look after their families. I don't know a worker I've come across in my 18 years in public life who doesn't want to work, who doesn't want to have a job. They don't want to be on EI, they don't want to be on welfare; they want to work to support their families. They see EI as a way to bridge that period of time when, through no fault of their own, they find themselves without employment.

So this has a huge impact on the broader community. If all of a sudden this EI fund changes—as it has actually over the last 10 or 15 years—and becomes less generous, the whole community suffers. When there's a downturn in the economy, the only source of income in a small community—I'm sure in Cape Breton or northern Ontario, or in many parts of rural Canada—are some of these government programs that put money in people's pockets. They then almost immediately spend it in the small business sector of that community, buying groceries, paying the rent, and that kind of thing. For us to make this change on, I think, some very narrow grounds and with some very narrow concerns worries me because it also affects each of these people personally.

If we're going to have a good economy—and everybody who talks about this agrees—we have to have a workforce that's ready, willing, motivated, and trained. If you have somebody who has gone on EI because they're 50 or 55 years old and they don't see it within their ability to move to Alberta, to get another job, they want to stay where they are, they end up eventually on welfare, which is what happens in many instances—too many instances. It then becomes much more expensive to lift them back up again and get them into the system and get them working when the economy returns.

I'd like some further comment from you in terms of what changes we might suggest to this new initiative, in terms of this new crown corporation to administer EI, to make sure we capture some of those concerns.

•(1000)

Mr. Cliff Murphy: I'd certainly say that as far as the new financing board goes, which is at arm's length from the government and is going to handle the money for this, it's a good idea, but it should be jointly trusted by the people who are putting the money into it. As far as the policy goes, from time to time politicians will make decisions with regard to unemployment rates and that kind of thing. So to me it was a travesty to have the \$54 billion going in there—no training money going down to where it was needed, no mobility grants, no relief on premiums. I really think this is a good idea, but on the financing of it, the commission itself has to take into consideration what the trustees of this board have to work with. If the \$54 billion has gone off into a black hole, that's a real problem for employers and workers.

Mr. Tony Martin: Mr. Hanson, and then I believe Mr. Gagnon or Mr. Morrison would like to respond, if you don't mind.

The Chair: You have two minutes left.

Go ahead.

Mr. Dannie Hanson: Thank you, sir.

I believe, just directly to your question, what would satisfy or at least comfort some of our communities, yours and ours in resources and so on, is the board's structure. Make sure there is some industry representation, that there are people there who the CEO or vice-president of the crown corporation must come to before he directly moves and changes our benefit rates, our qualifying period, and our period of payment, so it's being vetted through people in the know who can represent you, as MPs, and make sure these things are on top...and board members—not just a room full of bureaucrats, but some of us right there.

Those three things will directly help rest the minds of people in your communities, that they're not tomorrow night being hit by Mr. Smith, CEO of his crown corporation, that it's going up to 910 to 1,120 hours to qualify. It's those three areas, and then the board members can look after the rest of the concerns.

Mr. Tony Martin: Mr. Gagnon, do you want to respond?

Mr. Bruno Gagnon: I'd like to very quickly express one concern. With the fact that we have this funding of one year going forward, there's a definite risk that if things go very badly and we need to increase the premium rate by possibly more than 0.15% and we want to stick to the 0.15% ceiling, someone will be tempted to reduce the employment insurance eligibility or benefits in order to keep the cost within the 0.15% increase. So if you look at things only on a one-year going forward basis, you are at risk of penalizing Canadians who are, let's say, working in the lumber industry or the fisheries. There's a risk here.

•(1005)

The Chair: That's all the time we have, but go ahead, Mr. Atkinson or Mr. Morrison.

Mr. Jeff Morrison (Director , Government Relations and Public Affairs, Canadian Construction Association): Very

quickly, Mr. Martin, first of all, I'm from a community just outside your riding that had its one employer shut down about 15 years ago, so I know the pain you're feeling when you speak of that.

I believe it was Mr. Murphy who mentioned that several years ago the EI account did have a mobility provision, which paid for, essentially, travel from one area of the country of high unemployment to others of low unemployment.

Our industry right now is short of workers. It has not been made public, but a report coming out in several weeks will show that we need roughly 300,000 workers between now and 2015. We need a way to get people from where there is no work to where there is work, and in the construction industry there are a lot of places like that. So one of the recommendations that in fact your committee made in your recent report on employability was to put in place a mobility provision to allow workers from high-unemployment areas to go to low-unemployment areas. We would support that and think that should be reinstated within the EI system.

The Chair: Thank you very much.

We'll now move to the last individual in this round, Ms. Yelich, and I think she's going to share her time with Mr. Brown.

You have seven minutes.

Mrs. Lynne Yelich (Blackstrap, CPC): I just want to ask about.... If we're having a difficult time, what I see today is that many of your concerns are about why we're here today. It's to create an EI account. It sounds more as if we have not shifted our thinking to the fact that this is just about an EI account; it's not about the benefits. The benefits are going to be overseen by Parliament. The government is still going to deliver the programs and make policy. So it's just about having this reserve. The \$2 billion reserve was determined in consultation with the actuary from the department, so the \$2 billion rate was set to help in the economic downturns.

I'm trying to find out if you could shift your thinking, so that you are thinking just about an EI account and if you were about to set one up, without looking at the past. The \$54 billion is not there. It's gone. It's been used. We're trying to prevent this from ever happening again, so that it does not end up being a slush fund, as can happen.

Before I continue, I want to assure you that training and education is really, really important to the Government of Canada. It's important to everyone, to all Canadians. It's important to everyone around this table, and that is the responsibility of all levels of government. That isn't going to be lost because an EI account is being set up. We have to be looking at it as just an account that has some transparency and accountability.

So I think one of the concerns would be perhaps who that board is made up of, and that has been looked at really deeply. Who should be on the board has been looked at. Definitely there should be a representative from labour and definitely a representative from the business world.

So those problems and some of your concerns—and your concerns were loud and clear—I think are being felt and are being implemented in the legislation. But what isn't being understood is—no one seems to be able to forget yet—that there's no \$54 billion. We're not going to touch benefits. Do you think there's poor communication? Do you think this is wrong? There is accountability and transparency. Don't you think this is perhaps what this account is doing? You see the accountability and transparency in the new....

And I heard someone say—and I think it was you, Mr. Hanson—that this will be transparent. Isn't that what this is all about, so that we do not have it all going to general revenue? Benefits will still be there. The government will backstop it.

So I'd like a comment. If you were building this account, can you see how important transparency and accountability is by the way it's being done?

The Chair: Lynne, I think everyone wants to answer this one.

So we're going to start with Mr. Hanson, and you all can have a little shot at it. Please respond quickly, if you could, so we can keep going.

Mr. Dannie Hanson: Ma'am, if you don't come out and talk to communities and say what you said and let us talk to you, you'll never move the thought process to the idea that this is just an account. You never will. And there are good things; there's lots of good being done here. So it's definitely communication.

But also, don't forget that if you have a bank account with \$2 billion and you're told to keep that there, you're going to do whatever cuts, whatever readjustments, whatever, to keep that money there. This is the problem. We know that our qualifying period will increase and our benefit rate will go down. Even though you say it's just a bank account, crown corporations have a history of starting with no rules and then all of a sudden controlling the rules.

So please come out and see us, and probably we'll help you get this passed.

• (1010)

Mrs. Lynne Yelich: I'd like you to follow it a little closer, because some of your concerns have been alleviated. But I don't want to take Mr. Brown's time, so—

The Chair: Just very quickly, we could start over here with Mr. Kelly-Gagnon.

Mr. Michel Kelly-Gagnon: As we said, we're supportive of that legislation, and I think it's a good move. As a source of inspiration, you may want to look at what they're doing with the Quebec workers' compensation board. By and large it's an organization that works very well. It has a really autonomous, distinct fund that's not even the fund of the workers' compensation board; it's another entity. There's a lot of protection and all sorts of rules around it, and it's managed. It's actual real money that's invested in bonds and so on. There's a whole history of details of how to work with it, and all the money is not within what we call *le périmètre comptable*.

I think this seems like something you may want to look at, when you get to the details of the transparency and the idea of trying to make sure the government doesn't get its hands on it.

The Chair: I apologize, but we're moving to Mr. Brown.

Mr. Gord Brown (Leeds—Grenville, CPC): Thank you, Mr. Chairman, and thank you, witnesses, for coming.

The whole reason for these changes is to ensure that we don't have a problem like the \$54 billion. The fact is that the money didn't go down a black hole. I'm sure the former government members around the table would say that this money was either spent or had gone to debt repayment.

But our whole purpose is to fix the problem. I have a lot of experience. My background is as an employer in the tourism industry in an area that's somewhat seasonal. So I know of some of the challenges.

We're hearing now—and I know even from the business I was in—that there are worker shortages. Projections tell us that we need to have more workers in Canada. A lot of industries are facing worker shortages, and I heard from a number of our witnesses that there's not enough money, that the \$2 billion is not going to be enough. I'd like to hear a little about where you got those numbers and why you don't consider the amount to be enough, in light of the worker shortages we are now experiencing in many industries. I know in my industry, and in the construction industry in some parts of the country, we're hearing that.

Mr. Bruno Gagnon: We proposed \$15 billion. We came to \$15 billion as being the excess cost of higher unemployment during a recession over the average cost of the program. That's approximately how we came to \$15 billion.

By the way, I think we support all the transparency features that are in Bill C-50. It's a great step forward. On the other hand, I think we might all gain by looking at the \$54 billion and seeing it as something that is twofold. It contains what I would call the actuarial reserve. That's approximately \$15 billion. That's the money needed to stabilize the program over the long run. Then it contains \$39 billion, or whatever. That is the result of a decision made several years ago, a decision not to charge the premium rate recommended by the chief actuary. This was a totally different decision. From my point of view, it's a totally different issue. So within the \$54 billion we're dealing with two different concepts.

• (1015)

The Chair: Thank you, Mr. Brown.

Mr. Volpe.

Hon. Joseph Volpe (Eglinton—Lawrence, Lib.): Thank you very much, Mr. Chairman, and thank you very much, witnesses.

I've listened over the last hour to some of the very interesting things that you've been saying. And of course I share some of the perceptions that have been voiced around the room, including those by colleagues around the table.

I have the unfortunate disadvantage of being one of those people who were listening to all the arguments a few years ago in a decision-maker's capacity. So I hope you will indulge me as I reflect on some of the things you've mentioned with a view to trying to elicit a response from all of you.

The arguments then, as now, don't appear to have changed all that much, judging from what I've heard our colleagues say. Mr. Hanson and Mr. Murphy in particular wanted to get a reflection from us in order to be able to respond and make some of these decisions.

It strikes me that most of the comments today have really focused on whether there is a philosophical basis for establishing a fund or to continue with a consolidated general revenues backstop to all the expenditures of government associated with maintaining an EI fund and the social programming associated with it. Whether we agree that they should be associated with it is another thing. For example, you talked about training. Others talked about parental leave and compassionate care. I think you even talked about income supplement and income substitution. These are all items that have become part and parcel of the EI system.

Mr. Murphy focused mostly on the importance of the EI system to maintaining communities and a critical mass of people to ensure economic viability of some industries that are seasonal, at best, and that are always, always on the verge of collapse. I think Mr. Hanson pointed out the reality of that when he indicated there are more fish exported out of Nova Scotia than Newfoundland. A kind of wry smile hit me immediately. There are probably two words that will explain that: one is John, and the other one is Risley.

But I wonder, gentlemen, whether in fact the public policy objectives associated with the system, with the status quo—I'm not one who says we maintain what's there all the time—are going to be ensured by establishing a fund with all the mechanisms that Mr. Gagnon and Mr. Kelly-Gagnon are asking to be put in place. The question in my mind is that while you may be looking at a focus on the actuarial soundness of a fund that has ranged from \$2 billion to \$3 billion to \$15 billion, is that focus going to work to the disadvantage of other public policy objectives that the government must be putting in place, even with this legislation, to elicit a response through the establishment of this fund? And how do you hope, expect, or suggest that those public policy initiatives will be maintained as you focus on transparency of a fund that is going to be separated from them?

The Chair: Who's going to start?

Mr. Atkinson, go ahead.

Mr. Michael Atkinson: First of all, we saw what happened when the government was backstopping the fund under the status quo system, when bad days didn't really come along too often in the last number of decades and there was no requirement for the federal government to contribute to backstop the fund. However, when the sun was shining and it was generating large surpluses, we saw what happened; the fund was depleted.

From my perspective and that of our members, we don't want to see that happen again. There has to be a balance here. If the government wants to continue to backstop the fund, it has to take the good with the bad and not be dipping into the fund to take surpluses from employers and employees and use them for purposes other than what they were collected for.

•(1020)

Hon. Joseph Volpe: Mr. Atkinson, you're absolutely right. I happened to be around here when the bad times you're talking about really railed heavily. I use to rail against the government at the time.

But the fact of the matter is that the general taxpayer was backstopping EI expenditures—income supplements, income substitutions—because of the high unemployment rate. I've seen that part, and I welcomed it. In fact, at the time, the argument was that we should do more.

Now, I've heard you and others say that we should equalize the premiums amount. To someone else's ears, that sounds as if you want to reduce the expenditures of employers, and I agree that should always be an objective. But the reduction of employers' contribution to a fund when you're eliminating the 1.4 ratio to 1:1 suggests to me that you're looking for—as other, less kind souls than I am might suggest—a further corporate tax cut at the expense of others who are not....

You've got the employers. There are at least 1,000 small businesses—

Mr. Michael Atkinson: Can I answer that?

Hon. Joseph Volpe: —around this area that are going to be saying, “Yes, I like that. I'm not sure about the other objectives, but that'll be decided in an election.”

The Chair: That's all the time we have, so just a quick response.

Mr. Michael Atkinson: First of all, it's going back to the way the system used to be. That's what we're asking for, because that multiple was not always there.

Secondly, the one good thing about having this separate, independent fund now is that hopefully legislators and policy-makers will put more attention on whether this new program we want to introduce is best funded under the EI fund or through the consolidated revenue fund? That question often was never asked, whether it should be only employers and employees paying for this or whether the general taxpayer should be paying for this program. At least now, with a segregated fund, hopefully that question will be asked.

The Chair: Was your answer employees/employers or general funds?

Mr. Michael Atkinson: It depends on the program.

The Chair: Okay.

Mr. Michael Atkinson: I'm talking about a new program. This is my concern: the fact that if you have a reserve that gets extremely high, some program will come along and somebody will say, “We can fund it there. It won't affect the fiscal situation. Let's throw it on the backs of employers and employees.” At least the question is now asked if it should be funded under EI.

The Chair: Thank you very much.

That's all the time we have. We're over time.

We're going to move to Mr. Lake. Sir, you have five minutes.

Mr. Mike Lake (Edmonton—Mill Woods—Beaumont, CPC): I want to start my time by clarifying some things.

First of all, this bill has.... What it's not is anything to do with setting benefits or programs in EI or changing the EI program in terms of those things. All it is designed to do is, given the benefits and programs that are decided on by the government of the day, to say that we're going to be accountable and transparent in terms of the amount of money we're collecting as a government to put toward those programs, making sure those amounts are in balance.

I'd like to clarify something regarding the reserve, because I think there's some confusion about this reserve fund. The EI chief actuary has done extensive study, obviously, to come up with the \$2 billion amount for the reserve. In terms of the one-year looking forward, it refers more to the rate-setting than to how it's going to be paid back. I think that needs to be clarified. If there's a surplus or if there's a deficit, whatever that deficit or surplus, adjustments are going to be made—and we heard this from the officials the other day—according to mathematical formulas that will bring the account back into balance in a systematic way.

The reality is...and I think Mr. Murphy used the words, “We really don't want to see this \$54 billion disappear into oblivion”. That's the quote that you used. The fact is that \$54 billion has already disappeared into oblivion. It's gone. It has already been spent. And you and I would agree wholeheartedly that is absolutely wrong. It should never have happened.

That money was collected—\$31.5 billion from employers and \$22.5 billion from employees—over the last 15 years. And now that money is gone. What these changes are designed to do is to ensure that never happens again. I just want to clarify that.

I guess my first question.... Mr. Murphy, you had your hand up, so you want to say something. I'll just ask you on behalf of, let's say, the employees you represent, how important is it that we correct a system that took \$22.5 billion from employees and gave it to the government to spend on other random priorities, like the gun registry, for example?

•(1025)

The Chair: Mr. Murphy.

Mr. Cliff Murphy: I've said here before that this is a good idea, especially if it's trusted jointly by labour and industry, the people who are paying into it. I know that with our pension funds, if we don't invest things properly as trustees, maybe our houses will be up for grabs. So maybe that kind of trustee system would put a sober second thought into the trustees' minds, if their personal homes were to be involved.

I don't agree that the \$54 billion has totally disappeared. I think the money put there by employees and employers has gone to pay down some of the debt and reduce the deficit.

You talked about the actuaries coming up with \$2 billion, but I think the former actuary for the commission suggested it was \$12 billion to \$15 billion. So there's a difference of opinion there. In my opinion, the \$15 billion is a good thing, as the actuaries here today are qualified to suggest. So if there is a shortfall, employers and employees should not have to pay for it. Some of the money that was used to pay down the debt should come back to the plan to backstop it in case of an emergency economic situation.

I think, going forward, if the money comes in and the plan is solid and self-sustaining, it's a good thing.

Mr. Mike Lake: But just to clarify this, if you were to take the money that was used to pay off the debt and put it back into a fund, you would in effect be increasing the debt again to put money into the reserve.

The way the system is set up right now, the government has said that any deficit would be covered by a loan from the consolidated revenue fund and would be paid back. According to the officials who were here at the last meeting, that would be over time, not within a year. I say this just to clarify some things, because we asked the same questions, as we had similar concerns to you.

If we follow the rules of having a maximum increase of 15¢ per year, and everything else already in place, rest assured that these formulas, over time, would bring things back into balance. Sometimes, depending on the severity of a situation in a negative circumstance of a deficit, it could take some years to bring it back into balance, but overall it would come into balance. In the long term, the main point is that no money would be spent on EI or saved up from EI that didn't come from employers and employees in the first place.

Mr. Murphy actually made another comment. I just want to use one second of my time to address it. It was interesting when you referred to companies in Alberta paying the costs of moving employees, as opposed to the old way, which was that it came out of EI funds, apparently. I guess I would ask the question, why would it be wrong in your view that a company from Alberta would pay for someone to move, rather than employees in Nova Scotia, for example, who pay through EI dollars under the old system? It seems to me more rational that the company in Alberta would actually pay the cost of moving the employee, rather than a company somewhere else.

The Chair: That's all the time we have, but it was addressed to Mr. Murphy. A quick response, please.

Then, Mr. Atkinson, a quick response as well.

Mr. Cliff Murphy: I would say the quick response to that is that the employers and the employees have already put the money into an account from which they thought some of this stuff would be taken care of.

The Chair: Just a quick response.

Mr. Michael Atkinson: Just covering the employees' costs was intended to get them off EI, which would entail savings. The problem with the previous measures was that they were only for permanent relocation, but an industry like ours is temporary. That's what I believe you are now recommending through the employability study.

The Chair: I think, very clearly, what we heard from that study as well is that we didn't want to be taking employees from eastern Canada without any hope of their returning, or displacing workers from any other place. We wanted them to be able to return. So that's a good point.

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

[*Translation*]

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

I want to come back to the misappropriation of these funds. If employers were to use employees' insurance or pension funds for other purposes, without their consent, they would be found guilty of embezzlement. If they were to say that they used the money to develop their company—which is a good thing in itself—and that this would be beneficial to employees, the fact would remain that they had used the money for purposes other than those for which it was intended. The committee is being given the impression that this happened because of a breakdown in communications. That is not so. This money was misappropriated. We must keep that in mind.

We have to look at things in the proper context. No one here is claiming that an individual, a member of Parliament, a minister or a prime minister put this money into their pocket, but it was used for different purposes. Now there is an attempt to make this legal, but that does not make it legitimate. Morally speaking, I think people have been robbed.

When we hear here that the government contributed to the fund in the past when it had a deficit, it should also be mentioned that the fund always paid the government back. So much so that the premium rate for employees at one point was \$3.10, and that of employers was \$4.40 per \$100, which is hardly insignificant. Every time the government advanced money to the fund, employees and employers paid it back. The government did advance the funds. Why should this not work the other way around? Wage earners and employers advanced the funds to the government because there was a deficit in the fund. This is how you have to look at it. Morally, we are starting to talk about these things the way we should. Every time I hear someone trying to justify this diversion of funds or this misappropriation, I think it is quite inappropriate. This argument does nothing for the credibility of those who make it.

I also appreciated Mr. Kelly-Gagnon's comment that employers in Quebec have experienced administrators. The same is true of employees, because they sought out competent resources to assist them. The FTQ's Solidarity Fund and the CSN's Fondation are examples of this. The joint administration of the CSST is not a bad example either. Sometimes the parties get into a bit of a tiff, but that is part of the game.

We are on the same wavelength, except as regards your initial comments. I think this money belongs to the workers and to employers, and that it must be put back into the fund. The next question would be to determine how these funds would be used, particularly since the surplus was achieved by reducing access to employment insurance. I'm thinking about fishers, for example. How many people were not eligible for the program? There were always these special programs or pilot projects put in place. Why were they setting up pilot projects, when we already had a genuine program? There is also the issue of features unique to the various regions.

My question has to do with the way the fund is managed. First, is the representation of employers and employees on the board fair? I would also like to know whether the appointment process is appropriate.

• (1030)

[*English*]

The Chair: Mr. Gagnon.

[*Translation*]

Mr. Michel Kelly-Gagnon: I would like to make one final comment about the surpluses. I understand that the Supreme Court of Canada will have to make a ruling on that issue quite soon. So we should refer to the Supreme Court, and see what its decision will be. In any case, I will be watching this judgment with a great deal of interest.

Parity on the board of directors could be a desirable model. However, some aspects could be improved. For example, the president of some parity organizations, who is an official appointed by the government, is also the chair of the board; this individual has two responsibilities. That is how it works at the CSST. Modern governance models suggest that it is preferable to have different people in the position of president and chair of the board of directors.

In other words, the models used in Quebec could be copied, but we could perhaps improve on them, as I have just described.

Mr. Yves Lessard: Thank you, Mr. Kelly-Gagnon.

[*English*]

The Chair: That's all the time we have, but go ahead with the response.

[*Translation*]

Mr. Bruno Gagnon: My expertise is more in the financial area than in the administrative area. You spoke about misappropriation of funds. This word has significant implications.

• (1035)

Mr. Yves Lessard: [*Editor's Note: Inaudible*]

Mr. Bruno Gagnon: Yes, absolutely.

You have to see this from two sides. At one point, the government decided to impose higher premiums than what was required, as suggested by the chief actuary. As a result, we have a "balloon" of over \$54 billion.

We need to consider two things: the money we would need to stabilize the system in the long term, and the additional money being paid by employers and employees. That amount is seen as a payroll tax, even a regressive tax, because the premiums collected from workers and employees only apply to the first \$40,000 of income. That's a problem.

The \$54 billion, therefore, contain these two things, in my opinion. I think we should view them differently and rethink the whole system.

[*English*]

The Chair: Thank you very much.

We are now going to move to Mr. Dhaliwal and Ms. Sgro, who are going to share their time.

You have five minutes.

Mr. Sukh Dhaliwal (Newton—North Delta, Lib.): Thank you, Mr. Chair.

First of all, I was hearing on the other side that the Conservatives were talking about this money going into the black hole. In fact, I want to remind these honourable members that when Brian Mulroney, who turned out to be a mentor to this government, left this country in the woes of bankruptcy, we brought that out. In fact, the \$54 billion that they're saying went into the black hole went into paying for programs for the ones who needed it the most.

Now, my concern is about the accountability of this minister when they're setting up this crown corporation and putting only \$2 billion as a reserve. If I look at the accountability and transparency, we can go head on. We all know that the accountability and transparency, issue by issue, is going down the drain.

I am also concerned. On one side, Mr. Gagnon is saying it's \$15 billion that they are looking for, and the government is saying \$2 billion. I have a concern there. In those bad times the money is wiped out and then we just don't want to be accountable for that.

Would you like to comment on that particular situation?

Mr. Bruno Gagnon: Sure.

Basically what we're saying is that if we had this \$15 billion actual reserve, what would happen in an economic downturn or in a recession is that we would be using this \$15 billion to keep the premium rate at a stable level as much as possible. Normally \$15 billion should be enough to go through a recession. At the end of the recession, the \$15 billion reserve would probably have gone down to close to nothing. Then over the next expansion part of the cycle, we would rebuild the \$15 billion reserve, and we would make sure that it never exceeds \$15 billion, because we would allow the chief actuary to consider the interest earned on that reserve in setting the next year's premium rate.

Actually, you would have a fund that would vary between zero and \$15 billion.

Mr. Sukh Dhaliwal: I am also concerned about the investments, if the investments go bad as well. The markets might turn bad. How do you feel these funds or these investments should be handled?

Mr. Bruno Gagnon: Hopefully you won't need the \$15 billion in a single year. So it should be probably invested in some form of diversified portfolio, with a component of very safe, fixed-return assets, like Government of Canada one- to three-year bonds, for example, for at least part of it. Another part could be invested in T-bills and another part could be invested in things that would probably bring a little more income. It would be diversified, basically.

Mr. Sukh Dhaliwal: On the other hand, B.C. will be looking for 350,000 people in the next 10 years, but certainly we would welcome the people from Atlantic Canada, because they are wonderful people. At the same time, there are people who don't want to leave their families, who don't want to leave their homes, and what not.

The way we are saying that we don't need that money...in fact, I should be looking the other way around, to give those people the sense of security. We should have those funds there.

Mr. Hanson and Mr. Murphy, do you want to comment on that?

• (1040)

Mr. Cliff Murphy: Certainly we don't want everybody to leave, especially the skilled tradesmen. Just a couple of years ago, Anadarko, a large oil company, wanted to build a \$600 million LNG plant, so they came to Cape Breton. The greatest underlying factor that made them decide to go ahead with the project was that there was a pool of tradespeople there that they could access. So if everybody moves to B.C....

So there's nobody coming with a bag of money, even if it's the perfect place to put something, if they have to bring people in from all over the world to try to build something. You have to maintain a pool of skilled tradesmen in all parts of the country. Sometimes in the dead of winter we'd like to live in Vancouver, but we don't really want to move there.

The Chair: Mr. Hanson.

Mr. Dannie Hanson: We would like to continue to help you out with your employment problem with our people, but you can't take them all.

The Chair: And you want them to come back, right?

Mr. Dannie Hanson: Right. It's fitting that I tell this, because it's not as simple as people going out west or going somewhere else. This gets to my point about controlling this board, this bank account, this crown corporation.

Last month, EI disqualified one of our people who went out to work and then quit because it was unsafe in one of these small companies. They're not all big companies. And—slap!—came in a policy across the board from EI, and he lost his EI. I asked for a review of it. I wrote a five-page letter to tell them that everything was not great and that we couldn't have these blanket policies. That's what happens with crown corporations.

Everything you're trying to do is good, but please don't think we can automatically assume everything is fine.

Mr. Michael Atkinson: It's worth pointing out that the crown corporation, as I understand it, is not going to have that power.

The Chair: That's our understanding as well.

Mr. Dannie Hanson: If you can show us how it's not, then we'll accept it.

The Chair: It will be in the legislation. But once again, that's why we're having these meetings—to clarify some of these things, even for members. I think your point is well taken that it might be a good exercise for the government to go and talk to people to help them understand and to alleviate some of their concerns.

Mr. Trost.

Mr. Bradley Trost (Saskatoon—Humboldt, CPC): Thank you, Mr. Chair. I appreciate being able to question the witnesses. I'm not a regular member of the committee. I'm a substitute, but I have found it fairly interesting.

Correct me if I've got the wrong impression, but there seems to be a consensus that the overall concept behind the creation of the Employment Insurance Financing Board affords accountability and clarity and is by and large a good idea that needs only some tweaking. That's what I seem to be gathering, and all the heads are nodding.

So if you will indulge me a little bit, since topics sometimes wander in committee, I'm going to ask a little something on the whole issue that maybe hasn't been addressed today. I'd be curious to see what your reactions are.

One of the witnesses noted that 22% of EI payments are no longer for direct unemployment issues. They're for various other, shall we say, positive social aspects such as relatives being sick, maternity leave, etc. I'm curious to know your reactions and experiences. What if we proposed to separate those two aspects of EI payments and EI premiums, and separated them not just on the payment side but also on the premium side? This would essentially create two EI programs: one for unemployment questions, and one that would deal with the more social aspects. As these surpluses built up, we noted that there came to be all sorts of ideas to use it for other things besides EI.

I'm curious, given your expertise, to see how you think this would impact EI. Would it change things actuarially? Would calculations be easier, simpler? Would there be more risk?

•(1045)

Mr. Michel Kelly-Gagnon: We would be very supportive of such a measure. We have for a long time asked that insurance be insurance and social programs be social programs. This way, there can be legitimate political debate about how generous you want your social programs to be. Different governments could have different approaches. If you have an insurance mechanism, it has a certain logic, a certain purpose. It has a certain way of being managed. Ideally, it would be structured that way. When you mix them together, it can become confusing and difficult. So if the government or some parliamentarian wanted to go that route, we would be supportive.

Mr. Bradley Trost: In fairness to all the other witnesses, could we ask the next gentleman, please?

Mr. Bruno Gagnon: We would also be quite supportive of such an initiative.

By the way, as you probably know, in the province of Quebec we carved out the parental insurance from the EI and it has been repatriated by the provincial government. It's a little more flexible this way. So I agree with Mr. Kelly-Gagnon: leave insurance to insurance, and social things should be preferably different.

Mr. Dannie Hanson: Thank you. I actually didn't think you were listening much to some of our comments, but that's exactly what I have written there—what you said—and I thank you for that. Maybe it's time we looked into that approach and see where it takes us.

Mr. Cliff Murphy: We would certainly say that's a good idea from our perspective, as long as it didn't create a whole other bureaucracy. As workers and employers, we don't want to pay a whole bunch of bureaucrats to work on our behalf. We have to keep that as simple as possible.

Mr. Michael Atkinson: We would agree also.

There's some historical reference for this. When the development we used for this was first set up, it was agreed that management and labour would have some control over how those funds were spent. That was what became the Canadian Labour Force Development Board. That has since gone by the wayside, but that was the reason for doing that, to at least segregate that amount, to identify it as a

separate amount and have employers and employees decide where best to spend training funds.

Mr. Bradley Trost: How's my time, Mr. Chair?

The Chair: You have thirty seconds.

Mr. Bradley Trost: I have just a comment. We're out of time.

Mr. Murphy had a very telling point about administrative costs. I think any recommendations on how those could be more efficiently handled so that more of the revenue could either be returned in lower premiums or higher benefits would be appreciated across the board.

I think my time is up, but that's just a comment I'd like to make to the individuals, if they have written submissions for us later.

The Chair: Thank you.

Again, Brad, welcome to the committee.

Mr. Martin, you have five minutes, sir.

Mr. Tony Martin: Thank you.

I actually want to follow up on the questions that Mr. Trost initiated here, because I think they're important questions. I think that some of the unspoken rationale for moving in this direction is in fact to try to sort out who pays for what and what really fits and what doesn't.

I actually would like to throw a question to our economist here, who hasn't had a chance to speak yet this morning.

There are economists who will put together a whole package of things that fit into that, trying to keep industry stable, trying to protect workplaces so that there are jobs, and training, and bridging pensions for older workers to bring new workers in, to reduce costs.

Mr. Morrison will remember Algoma Steel in the early nineties. When we restructured, there was a lot of money put into pensions for older workers to move them on, because they were the more costly end of the employment scheme, and into bringing new workers in to give new people a chance. Then with the new workers, there was money put into training so that they could be brought up to speed more quickly as they were reinvesting in new technology, and that kind of thing.

There's a whole host of things that you can do, which in some circles would be referred to as more social. You get closer to the edge when you get into, for instance, supporting people who leave the workplace because they have children. It may be seen as social if you support them in that period of time, as opposed to making sure that they're looked after and their families are looked after, so that when they come back to work they are actually happy workers and productive workers—not to speak of the importance of making sure children get a good early start in life with parents around, and early learning, and childhood, and that kind of thing.

Mr. Chassin, where would you draw the line there in terms of what should be paid for by this fund and what shouldn't be paid for by this fund?

•(1050)

[Translation]

Mr. Youri Chassin (Economic Analyst, Conseil du patronat du Québec): Please allow me to reply in French.

I believe that the various levels of government play a key role in supporting and training workers today. We already have many worker training programs to help them find a job. I am not so sure that the employment insurance fund should pay for training and helping people improve their skills so they can find a new job.

But there may be solutions. We could perhaps study the possibility of recognizing the skills of workers who have a job and which skills might be lost if they were laid off. The issue we are studying today leads me to say that regardless of the manner in which we spend the money from the employment insurance fund, the premiums paid should only go towards paying for employment insurance benefits. As for the other social programs, we believe they should be dealt with separately, and that employment insurance should be indeed just that, namely insurance.

I am probably just answering part of your question, but that's how we see it.

[English]

The Chair: You have one minute left, Tony.

Mr. Tony Martin: Does anybody else want to take a run at that question?

The Chair: Mr. Hanson.

Mr. Dannie Hanson: I believe we should take the word "insurance" and define whether it's insurance to look after you when you're not working or insurance to enhance your training and qualifications so that you can continue in employment. Those are two different things, I believe, especially for us in our area.

I would like to see things like parental leave, sick leave, and disability moved over there. Employment insurance would be just for when you're out of work. Training is done by provincial adjustment programs, with federal, so they're more attached to our Nova Scotia community colleges and more hands on. The three of them can work together and get us out of this.

The Chair: We could have a final comment from Mr. Morrison.

Mr. Jeff Morrison: Just to repeat a comment that I think has already been made, it's important to recall what this board is and what it is not. This board is not to set social policy. That is the purview of parliamentarians and the minister. This board is about management of the account. So at the end of the day, to your question of what should be the social role of EI, that's in your hands.

The Chair: Thank you very much.

Thank you, Mr. Martin.

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

Mr. Michael Savage: Thank you, Chair.

Let me follow up on that last comment. It has been made clear by officials and by the minister that this new board is not to determine the benefit side but strictly the premium side. One the concerns

people have is that there's maybe a backdoor way to have an impact on workers. That's the concern that's caused us to have this study.

As I said earlier, in my case some of that concern was alleviated last week, but there still are some issues. Clearly we've had some recommendations here. This committee is meeting today and we're meeting Thursday. We'll decide whether we have to have any more witnesses, but our plan is to have these two meetings. We want to write some kind of report and recommendations.

If this morning is representative, we're getting a very strong sense that \$2 billion is not enough of a fund to be transferred over. That might be one recommendation, conceivably. I want to get at others.

You didn't have a lot of time, which meant we didn't get a chance to see your presentations in advance, but we've had some recommendations. The Construction Association talked about, among other things, a reinstatement of equal premium rates. Monsieur Gagnon talked about a reserve fund of at least 20% of costs, of \$3.5 billion. Our other Monsieur Gagnon referred to five- to seven-year premium rate-setting and \$15 billion in the account. I think Mr. Murphy suggested \$10 billion to \$15 billion. So that's one area.

I'd like to give you a chance to elaborate. For example, Lynne Yelich, as the parliamentary secretary, mentioned that this might be an issue of communications. Maybe it is, I don't know. The point is that this committee has had some hearings. Absent this committee, we don't know of any consultation taking place before this new board is set up and in advance of enabling legislation coming to Parliament.

Each one of you represents a group. You have colleagues, you have confreres. There are thousands of companies like the one that Mr. Hanson works on, and other construction trade associations. Does it make sense to you that there should be more public discussion of this board in advance of it being set up?

•(1055)

Mr. Michael Atkinson: Mr. Chairman, my only concern here would be that its set-up gets delayed inordinately. That would be my only concern, and I think there is some tweaking we're going to have to do down the road in any event. But please, in your deliberations, don't delay this. When you get your pocket picked once, you don't want to walk around with your pockets open forever. I think it's important that this be established. It's going to have some warts and wrinkles that we'll have to look after, but please don't delay.

The Chair: Mr. Hanson.

Mr. Dannie Hanson: I believe we do have time to have some consultation done in some of the areas that have higher EI. I don't want to delay it so that we don't know where we're going or anything like that, but warts and wrinkles—and I would agree with Mr. Atkinson all day in what he's talking about—can hurt us and hurt us severely when we're waiting to go through the winter to next year.

We do have time to make sure the bureaucratic system within the crown corporation does not have too many.... And you might think I'm obsessed with that, but Mr. Savage, you said earlier—and I agree with you—that you have to be careful. Rules have to be in place. So we should take the time to make sure there are solid bureaucratic controls of that corporation.

The Chair: Anybody else? Michel.

Mr. Michel Kelly-Gagnon: I'm told that the anticipated administrative costs for the current system for the management of EI are about \$1.6 billion. I don't know if that figure is correct, but if it is correct, it seems to me considerable. Could you take the opportunity in setting up this new structure to also do some thinking as to how you could cut down that \$1.6 billion of administrative costs? I'm not talking about benefits; I'm talking about the machinery, the bureaucracy. Can it be made more efficient, and can you take the opportunity of a new structure to make it more efficient?

I think these are interesting questions.

The Chair: Jeff, did you have a final comment?

Mr. Jeff Morrison: I will comment just very quickly. Given that, as I understand it, the appointments to this board will be made essentially through the minister's office, through order in council, there could be a concern about these being seen as patronage appointments. There should be, in the spirit of accountability and transparency, some independent body that can look at these appointments—perhaps this committee.

Mr. Michael Savage: That's a good idea. I could see that one. We have seen changes in government policy that have turned out disastrously because they were implemented too quickly. With the summer jobs program, we suffered through a horrendous situation last year, and many Canadians suffered. It doesn't have to be that way, and maybe this could be done, but it seems to me that you want to do this right. As somebody said, this is a huge change in the social system, the social fabric of Canada.

But I appreciate the point of view. Thank you again.

The Chair: Thank you, Mr. Savage.

I'm going to move to Mr. Lake, for five minutes.

Mr. Mike Lake: I'll quickly start by commenting on the points Mr. Dhaliwal made earlier. I was 15 when Mulroney became Prime Minister, so I can't really be held responsible for any of the good or bad decisions that may have been made at that time.

I understand that Mr. Dhaliwal wasn't here last meeting, but the witnesses clarified that the \$54 billion we're talking about, the notional surplus, was virtually entirely collected and spent by the Liberal governments from 1993 to 2005. So that is just to clarify that.

Mr. Atkinson, I want to talk about the \$31.5 billion of that \$54 billion that would have been collected from employers and, to use Mr. Savage's words, went out the back door on a variety of social programs.

• (1100)

Mr. Michael Savage: Mr. Chair, on a point of order, did I say that?

The Chair: We'll have to check the blues later.

Mr. Mike Lake: The back door part you said—

Mr. Michael Savage: I didn't say anything about money going out the back door.

Mr. Mike Lake: Well, you were concerned about the back-door spending—

The Chair: All right. We'll clarify that later.

Mr. Mike Lake: —and the reality is that, during that time, the money went out the back door on a variety of programs. It was basically a back-door tax increase—that's all it was—on the backs of employers and employees.

Mr. Michael Savage: On a point of order, Mr. Chair, I've indicated to Mr. Lake that I didn't use that term. I'm not talking about back-door spending. I was talking about a back-door way for the government to reduce benefits to workers.

The Chair: Thank you.

Mr. Lake, would you like to finish?

Mr. Mike Lake: What I want to have from you, Mr. Atkinson, is a comment on the importance of this decision to the folks you represent, the employers you represent. Do you have a comment on the importance in the future of not having \$31.5 billion taken from them to cover social programs and a variety of other government decisions?

Mr. Michael Atkinson: It's a very important issue. They don't want to see seepage out of the fund, even for good purposes along the way. Let's be honest, when successive ministers of finance were asked where those funds were going, it was to balance the government's books. We'd like to see it stand alone so funds collected for a purpose are applied to that purpose.

As a second answer to your question, and to Mr. Savage's point, this legislation is bringing in another significant change to the rate-setting process, which I don't think we're spending enough time talking about. The problem with the current process is that you aren't allowed to look at your own mistakes when setting a break-even rate going forward. That is a serious flaw in the current situation. The chief actuary's hands are tied, and so are the commission's. If they are off on predictions on the unemployment rate and the demand on the fund, etc., that can't be factored into their decisions going forward. It's a bit like saying, "I'm going to blindfold you. Now go in and find the light switch."

Despite the things we have to massage a bit to make sure it works going forward, there's another very strong reason for seeing this change. My members would very much support having the ability to truly set break-even rates based on the funds you have.

On what a crown corporation structure might bring, over and above the current commission status—and in answer to Mr. Murphy on whether we'll get to keep the investment returns coming back—you would want a crown corporation in place so any investments would come back.

And to answer his other question, which I think is very important, to ensure there is no dividend to be paid by that crown corporation when the sun shines back to government, as other crown corporations do, my understanding to date is that the money earned by that fund will stay with that entity.

You have better intelligence on this in talking with departmental officials. There is no payment back to government, no matter how large the reserve might grow over time. I think that's an important point from our members—that the money generated by the reserve will stay in place for the benefit of employers.

Mr. Mike Lake: I want to comment on the reserve amount, which seems to be the main concern of almost everybody at the table. Everybody seems to view this as a significant move forward in terms of the yardsticks, but there's this question of the reserve and maybe potential miscommunication or misunderstanding.

Based on what we heard from the witnesses the other day, my understanding is that the rate-setting and reserve amount determination are two entirely separate issues or exercises. The rate-setting, the one-year window looking forward, is one exercise. The reserve amount determination, which was done by the chief actuary for the EI fund, was done separately at \$2 billion, with the consolidated revenue fund backstopping that if there was a need. My understanding is that the reserve amount will in no way affect the operation of the EI program in terms of the amounts. If there's a deficit of some sort, which seems to be the biggest concern, the CRF would backstop it, and eventually things would be brought back into balance through the mathematical formulas that are in place.

If you know that the reserve amount will in no way affect the operation of the EI program, does that allay some of those concerns you have expressed?

Mr. Hanson.

• (1105)

The Chair: Mr. Lake, that's all the time.

Mr. Mike Lake: I'd like to hear, though.

The Chair: We can hear from the witnesses quickly.

Mr. Dannie Hanson: Most of our concerns are what you just addressed. If you can show us what mechanisms you're putting in place to control this so those things don't just bounce up and hit us, the bill can grow and develop as you're going.

That is our concern. You had your CEOs and ministers here yesterday or last week, right? So you have the benefit of knowing what's in their heads. We're sitting out here and don't know. They've already given you the answers—

The Chair: No. We were supposed to hear from the CEOs today. You guys are it. You don't trust yourselves.

Mr. Dannie Hanson: Put those conditions in and show us how, and we'll be with you, to a point.

The Chair: Mr. Gagnon.

Mr. Bruno Gagnon: We see that there's still a pro-cyclical system in Bill C-50—the rates increase when unemployment increases—and we are not comfortable with that. Even though you can repay over more than one year, we're still not comfortable with the fact that

premium rates will increase. It's the worst time for increasing premiums.

The Chair: Are there any other quick comments?

Cliff, you can have one last comment.

Mr. Cliff Murphy: If the fund builds up, my friends from the Construction Association would say that premiums should be evened off for employees and employers. We don't see that as a problem at all as long as the fund is successful, the investments are good, there are good returns, and that kind of stuff. Not only could the employer's portion be reduced to what the employee portion is, but the whole thing could be reduced.

The Chair: I have a final point of clarification. I know that Mr. Lake was getting to this. It is capped at \$2 billion and indexed. I think that's been brought up, but I just want to clarify it.

The last person to ask some questions is Mr. Lessard. You have five minutes, sir.

[*Translation*]

Mr. Yves Lessard: Thank you.

I agree, the reserve is not big enough. I still maintain what I said to my committee colleagues earlier.

In 2005, this committee—which was comprised of different members, but which still had the same valiant clerks and advisors—had made unanimous recommendations. One of these recommendations was that there should be a reserve fund equivalent to one year's worth of benefits. At that time, the amount was between 15 and 16 billion dollars. I remember that the decision was unanimous. Based on the testimony we heard here, and on the way the fund and the situation had evolved since, I still maintain that position.

As for using the fund to pay for training or other social measures, we would have to study that option. Wasn't there some confusion when the name and the identification of the fund itself were changed from unemployment insurance to employment insurance? Some witnesses, including Mr. Hanson, Mr. Murphy and Mr. Atkinson, said that the fund should help people who had lost their jobs, namely those who were unemployed. The change to "employment insurance" was done for a reason. Today, the fund pays for training to help workers re-enter the labour market. I think we agree on that, but we will have to see whether that is the best way to go about it.

I find it interesting that Bill C-50 is compelling us to engage in this debate which, I believe, is timely. The debate is about how the money from the fund should be spent. So we are now engaged in a debate. People have referred to Denmark and its system called "flexisecurity". Under this approach, all income support contributions to the government go into the same pot. That's the opposite of what we have just been talking about. For instance, when someone is not eligible for employment insurance benefits, which are paid for by the federal government, welfare kicks in, which is paid for by the provinces.

Have you ever really thought about that? If so, what do you think about "flexisecurity"?

•(1110)

Mr. Bruno Gagnon: In Canada and Quebec, it was very difficult to peg the rates at which premiums are paid under the Quebec and Canada pension plans to a high enough level. Personally, the idea of "flexisecurity" scares me a bit because we are already having problems with a single well-defined system, which has a specific framework. Perhaps we even acted a bit too late, because we are now paying 9.9% in premiums into the Quebec Pension Plan and the Canada Pension Plan, whereas a rate of only 7.5% would be needed to maintain a long-term balance within the fund. We are paying for the mistakes of the past, and that frightens me.

[*English*]

The Chair: Go ahead, Mr. Hanson.

Mr. Dannie Hanson: You asked if we have looked.... Quebec, I believe, was one of the first provinces to take the training allocation, the training adjustments, out of the EI. We're doing that in Nova Scotia. We're looking at it in different ways. Industry is looking at it in different ways. We're looking at it—for social services, when you're on that, for parental leave, for disability, for shortage of work—as income security, as guaranteed income. It's no different. They have it in other places. But that's not EI; that's guaranteed income.

This debate is taking us into that world, and in 2009, I'm sure, that's where we'll go. But there will be a time when we have a guaranteed income. We'll have training, the same as we now have in Nova Scotia in our training and trades department and as you have in Quebec. We'll do it that way, and it will work quite well.

[*Translation*]

Mr. Yves Lessard: Thank you, I will give Mr. Atkinson the opportunity to reply to a question I asked at the beginning and which he wanted to respond to.

You say you are concerned about the fact that the money from the fund always goes into the Consolidated Revenue Fund, and that it can be spent for other purposes.

[*English*]

Mr. Michael Atkinson: One of the concerns I have about this whole process is this. Let's say that we put the new financing toward a crown corporation in place and that we have a new rate-setting mechanism. I'm hoping that parliamentarians don't say that we're now finished with it and we don't need to look at EI, because there are other things about EI that I think need to be looked at.

This committee, in the past, has recommended the early basic exemption, for example, which I think is an excellent idea, which sort of shadows the CPP. Particularly in our industry, in which we have workers who are temporary or who come in and work for only short periods of time for a particular employer, the fact that a certain amount of their income is exempt from EI makes eminent sense. So I think there are other things we have to look at.

This whole discussion we're getting into about whether there should be some separation between the more social types of programs and the training or point types of programs in EI really needs a bigger audience. We need to look at that. I would certainly welcome that kind of discussion. But again, we run the risk of suggesting to the public that somehow the establishment of this

board is going to have a say in that. I think we'd better watch what we're saying, because that may be contributing to the miscommunication that this bill is somehow going to influence how we look at those issues.

To answer your question, I think those are very valid points. They're very valid concerns. We should continue to look at EI to improve it. We shouldn't allow the establishment of this board, although it's very important, and the new rate-setting mechanism to somehow be the be-all and end-all. There are other things we have to look at in this area.

The Chair: Thank you very much. That concludes the time we have right now.

I want to thank all the witnesses again, as I know all the members have, for responding quickly to this issue. I believe there has been some good constructive discussion today that will help us as we move forward with this important initiative.

Once again, I want to thank all the members and all the witnesses. You guys are dismissed. The committee does have some more business. You guys are not dismissed.

We'll let the witnesses go.

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_____ (Pause) _____

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•(1115)

The Chair: Colleagues, if I could have the members come back to the table, we can deal with our business expeditiously, I hope, and then we can move on.

We have a subcommittee meeting just after we're done, and I'm hoping to have everyone out of here by sometime this afternoon. How about I just say it that way, and then we won't jinx anything.

What you have before you is the third report. If I could just...

Okay, go ahead.

Mr. Mike Lake: Mr. Savage brought up his point of order a couple of times when I was speaking. I didn't want to address it, because I didn't have time in my five minutes.

I want to clarify this. You spoke of the back door in terms of forward-looking concerns about the legislation. My point was to suggest that in fact the Liberals used the back door to spend \$54 billion. That was my assertion, not yours.

Mrs. Lynne Yelich: This is through the chair, of course.

Mr. Mike Lake: Yes. I never meant to make it sound as if Mr. Savage would criticize his own government.

The Chair: Okay.

Do you accept that apology?

Mr. Mike Lake: I know he would never do that.

Mrs. Lynne Yelich: That's not an apology.

The Chair: I know it isn't—I'm just kidding.

Mr. Michael Savage: I will not only accept that apology; I'll post it on my website.

The Chair: And print it on your campaign brochures.

All right, could we go to the third report? You will notice in the third report that this is what we discussed at the meeting—what we'd try to do with respect to witnesses during today's and tomorrow's meetings. There have been some changes, but if you'll just bear with me, I'll take you through it.

The CFIB, the Canadian Federation of Independent Business, was not able to make it here. Neither was the Canadian Council of Chief Executives, which is what Mr. Hanson kept referring to. They were not able to make it to this meeting.

The Cape Breton Island Building and Construction Trades Council, a group that was to appear here on Thursday, was actually here today. Then we also had the Canadian Construction Association here today.

Are all the rest confirmed for Thursday?

The Clerk of the Committee (Mr. Jacques Maziade): All except FTQ.

The Chair: We'll get to the FTQ in a second.

We have the Canadian Labour Congress. We have the Mouvement Autonome et Solidaire des Sans-Emploi. That is confirmed. Do we still have the Building and Construction Trades Department?

The Clerk: Yes, we have the national department.

The Chair: This is what we agreed to at the subcommittee meeting. After the meeting, I know there was misunderstanding regarding Mr. Lessard and what he would like to see. Mr. Lessard indicated that the FTQ, although a labour group, would represent four unions in Quebec. They would like the unions to be present, although there will be only one presentation.

I needed to bring that back to everybody here. Mr. Martin and Mr. Lessard sent a letter to me on Friday.

Mr. Mike Lake: Are we in camera right now?

The Chair: It's whatever you guys want. The subcommittee meeting will be in camera. It's up to you guys. I think we're okay.

Mr. Lessard suggested that all four labour unions from Quebec should be present, but that only the FTQ or one of the organizations would make the presentation. There was a letter back and forth. I don't have an issue with that as long as it's all right with the rest of the committee.

So you'd have the Labour Congress, the other two organizations, the FTQ, and the three other labour unions from Quebec. But there would be only one presentation. They would all be there if we wanted to address questions. They'd be at the table.

So that is the proposal. I don't believe there should be a concern. I think this was what prompted the letter from Mr. Martin and Mr. Lessard late on Friday. I just wanted to see who was going to be here today, to see if this would work out. I believe we can facilitate this—it shouldn't be an issue.

I've just been reminded that this is what the FTQ has agreed to as well. They would come and represent the four unions as they speak, but they would let the people at the table address the issues if direct questions were asked.

So we're not talking about four separate presentations; we're talking about one. But we're talking about bringing them to the table to answer questions if they're asked directly.

I have a couple of hands here: Mr. Lessard, Mr. Martin, Mr. Lake, and Ms. Yelich.

Mr. Lessard.

• (1120)

[*Translation*]

Mr. Yves Lessard: Mr. Chairman, I think we have a mutual misunderstanding here, or at least I hope so. You speak very quickly. Sometimes the interpretation is still ongoing after you are finished. You give the impression that everyone has understood, but that's not always the case for me. I'm not mad at you, but these decisions seem to have been taken quickly.

Unions sometimes have common positions which they present as one. They usually don't use a spokesperson, but they have done so on occasion in the past. You were wondering whether it was possible from a logistics point of view to hear from them all. There are four groups. This morning, we had seven witnesses. They each had a turn to speak and no complications arose. It would be the same thing. I think it would be wrong to invite the four unions, but to only allow one of them to speak. It's not the right thing to do. We must proceed the way we did this morning, that is, give each of these groups between 7 and 10 minutes to make a presentation and answer questions.

Unless I'm mistaken, on Thursday we are supposed to hear from the Canada Labour Congress, the FTQ, the CSN, the CEQ and the CSD. Have any of these groups confirmed they will be here? I believe that the people from Cap Breton were here this morning. So they will not be with us on Thursday. That's a total of five groups. As for the groups representing the unemployed, we face the same issue. We cannot only invite MASSE. Its position is not the same as that of the Conseil national des chômeurs. In my opinion, we have to invite the four unions and the two groups representing the unemployed to get the full spectrum of their opinions. We should also organize our meeting as we did this morning, that is, to have it last two hours. We could hear from them together or separately, beginning with the groups representing the unemployed and ending with the unions. If we did it that way, they would not all get the same period of time, but they are all defending the same cause. Perhaps they could all appear at the same time during a two and a half-hour meeting.

[*English*]

The Chair: The challenge we have—and that's why we're talking about it in front of the group now—is that we had originally given this three meetings and we were trying to fit in witnesses. When we consolidated the list of witnesses, there was a recommendation of three witnesses from each party. So now you're suggesting something different from what you suggested in your letter to me on Friday, which was that one present and the others be there for questions.

I'm just throwing out to the committee that we can have more meetings on this if we want to, but once again, we are trying to determine what it is we want to do. We've certainly extended that and have given enough time for five groups to present. If we have six groups presenting.... Once again, I throw this out to you guys. There'll be more than six, because there'll be seven groups presenting. If that's what the committee wants, we'll cut down the presentations to five minutes each, which won't change that. We'll still go the two and a half hours, which gives everyone a chance to be able to make their presentation. If that's something you would like to look at, I'm throwing it out to you guys.

On the list right now are Mr. Lake, Mr. Martin, Ms. Yelich, and Mr. Savage. Why don't we start with Mr. Lake?

• (1125)

Mr. Mike Lake: First off, I'd like a clarification. Are CFIB and the Canadian Council of Chief Executives coming on Thursday now?

The Chair: No, they're not able to make it at all this week.

Mr. Mike Lake: So we won't hear from either of those organizations?

The Chair: That's correct.

Mr. Mike Lake: Okay, so on this list, there might be more than the four bullet points here if we spread one of those out to have three more organizations, I guess.

The Chair: This is what I'm trying to clarify. Mr. Lessard is suggesting three additional unions and one other employee group. So we have a total of the Labour Congress plus four, which would be five. We would have two from the group, which would be...eight if that were the case.

Did I understand that correctly, Mr. Lessard? There would be potentially eight groups?

[*Translation*]

Mr. Yves Lessard: Would the other group be the Cape Breton Island Building & Construction Trades Council?

Ms. France Bonsant (Compton—Stanstead, BQ): No, they were here today already.

Mr. Yves Lessard: It would be the CLC, the FTQ, the CSN, the CSQ, the CSD, the Mouvement Action Chômage and the Conseil national des chômeurs et chômeuses.

Ms. France Bonsant: There are seven groups.

Mr. Yves Lessard: So the situation would be identical to the one this morning.

[*English*]

The Chair: We have the Building and Construction Trades Department—they are the national organizations—so it will be eight.

[*Translation*]

Mr. Yves Lessard: So that would be one more.

[*English*]

The Chair: All right, I clarified that.

Mr. Savage, you still have the floor.

Mr. Michael Savage: On a point of order, could we go through those, not only the acronyms but who those organizations are that we're talking about for Thursday?

The Chair: Sure. We have the list right here.

The first one would be the Canadian Labour Congress. The second one would be the FTQ, which stands for the Fédération des travailleurs et travailleuses du Québec. The next one would be the Confederation des syndicats nationaux, which is CSN.

Mr. Michael Savage: Is that the employer group?

The Chair: No, that's still the union.

Then we have Centrale des syndicats démocratiques, which is CSD. The last one would be Centrale des syndicats du Québec, which is CSQ.

It was suggested we have four labour unions from Quebec, plus the Canadian Labour Congress, which would be five, then there would be two employee-based groups—the one you have on the list, plus the other one, which would be the Conseil national des chômeurs et chômeuses, or CNC. In addition to that, there would still be the Building and Construction Trades Department, the national organization that has already agreed to be here.

So the proposal now is eight groups. My suggestion is that we could have them all speak for five minutes. We're going for an extra hour and a half—

Mrs. Lynne Yelich: They're all from Quebec. We don't have them from across Canada.

The Chair: That is correct.

Ms. France Bonsant: [*Inaudible—Editor*]

Mr. Mike Lake: I'll make a couple of comments, then.

The Chair: You still have the floor, then Ms. Yelich and Mr. Savage.

Mr. Mike Lake: I need a little bit of clarification from Mr. Lessard. From what I heard, the way you have it here, FTQ kind of represents all of those groups—

• (1130)

The Chair: No.

Mr. Mike Lake: What I want to clarify, though, concerns the seven minutes. Are you saying they would still have one seven-minute window, but any of them could share that time, and then be available for questions? Is that what you're saying?

The Chair: That was my—

Mr. Mike Lake: Or are you asking that they each have seven minutes?

The Chair: That's correct, or five minutes, whatever that round is.

Mr. Mike Lake: From what I've heard so far, he was actually asking that they share that time and they can each have a little bit of time within that seven minutes. Is that correct?

[*Translation*]

Mr. Yves Lessard: Yes, just like we did this morning, Mr. Chairman. Each of the groups got 10 minutes to make their presentation. That's what we gave the employers this morning, isn't that so?

[English]

The Chair: Not everyone spoke, and each organization had seven minutes. When we talked to the FTQ, they agreed that they would make the presentation on behalf of the other organizations, although we would have them at the table being able to answer.

[Translation]

Mr. Yves Lessard: I spoke to people from the other unions. They said—and this includes the FTQ representative I spoke with—that they would decide who would speak. It might be the FTQ. I don't see any problem with that. If we give them 10 minutes and there are four of them, the FTQ might be the main spokesperson, but the others could also intervene if they wish to do so. We don't mind, as long as they don't exceed 10 minutes.

[English]

Mr. Mike Lake: Seven minutes, but yes, within the seven minutes. It's seven minutes normally. That makes some sense.

The Chair: I don't have an issue with granting 10 minutes, because there's more than one group. And if they want to intervene within that 10 minutes, I think that would solve a lot of our problem. It would make it easier to get through.

Anyway, Mike, continue.

Mr. Mike Lake: The second point I want to make is that it seems quite unbalanced, as it stands right now, without having the CFIB and the Canadian Council of Chief Executives. Is the reason they're not coming simply a matter of timing, that it doesn't work out for them on such short notice right now?

I think it would be important, in terms of getting the balance here, to allow them to come before us at some point in the future. Maybe if it's only two organizations, we could have them perhaps for an hour one day, but I think we do need to hear from both of those organizations. They're pretty prominent organizations that should have a voice in this discussion.

The Chair: For both of them, there were conflicts. For one, it was that meeting in Calgary for the whole week. The other one was just unavailable, given the time slot.

By all means, if it's agreeable to the group, we could certainly tack on an hour, just as we've done this week, to hear them make a couple of presentations and have a round. I would suggest that we add it to an existing meeting so we don't lose any of the work that we're looking at. So once again, we'll ask the group if that's something they would be amenable to, and we could move forward on that as well.

I have on the list Mr. Martin, Ms. Yelich, and then Mr. Savage.

Mr. Martin.

Mr. Tony Martin: I'm agreeing with what you just said, that we would give these groups 10 minutes. They can choose for themselves who's going to speak, but that's the time limit. Then when we ask questions after, we can ask whoever we choose. So that would be great.

I also agree that at some point we should find some time for the two groups that Mr. Lake is speaking about, and tacking it on is a good idea as well.

The Chair: Okay. I think that's a decent compromise. The challenge would be that we don't want this to go on too long, because we're going to issue a report or whatever we're going to do. My suggestion would be that we ask them maybe next week and add them on to what we're going to be doing with Bill C-362. So maybe that would be a possibility.

Thank you, Mr. Martin.

I have Ms. Yelich, Mr. Savage, and then Mr. Lessard.

Mrs. Lynne Yelich: It's not a very broad scope. If it's going down to just 10 minutes, they're not going to spend an hour and a half, so do we need the full two hours, given that you've cut witnesses? Originally this is why it was extended, because we had a broad scope of witnesses. Now we're down to a smaller number of witnesses. Maybe we should tack that on to the next meeting.

The Chair: I think we'll need the time, because even today, just to get in a couple of extra rounds...

The presentations do tie up the time.

Mrs. Lynne Yelich: Then we will agree to that. I would really think we have to have the Council of Chief Executives and the Federation of Independent Business.

• (1135)

The Chair: If it's all right with the group, I'll suggest that we invite them maybe Tuesday or Thursday next week and add them on after our meeting. Maybe we can work on the schedule so that we can try to get them on the same day.

Mr. Savage, and then Mr. Lessard.

Mr. Michael Savage: I think there has been some sort of misunderstanding. It was my understanding from the subcommittee that these four groups would come and speak in one slot, and that's what is being confirmed here.

The Chair: Yes.

Mr. Michael Savage: That makes entire sense to me, and I think two hours is enough. I don't think we need to extend it to Thursday, especially since we all want to get to the Alliance of Sector Councils reception about the employability report, which I think we should all go to, including the staff who worked so hard on it.

I also think we do need more voice here from employers. If that's the CFIB, which makes sense, the Council of Chief Executives, and maybe somebody else... Maybe we have time now to look at some other group, but I do think there has to be more of a voice from that point of view.

So Mr. Lessard, if you're okay with what we've talked about, which is 10 minutes split between the four groups, and anybody can answer questions, that's fine with me.

The Chair: You're next on the list. Go ahead, Mr. Lessard.

[Translation]

Mr. Yves Lessard: I have no objection to give the four groups 10 minutes. Now we have to decide how we will deal with the two other groups, CNC and the MASSE. Will each of these groups get five minutes? We also want to hear from the two groups representing the unemployed and the CLC.

[English]

The Chair: Sure. I don't have a problem with that.

[Translation]

Mr. Yves Lessard: We could give each of the other groups five minutes.

[English]

The Chair: The other two organizations will get their regular seven minutes.

[Translation]

Mr. Yves Lessard: Each group will have five minutes, and then we will move on to questions.

The Clerk: Perfect.

Mr. Yves Lessard: I also think that we should hear from business leaders; however, I think it would be best to keep the meeting at two and a half hours. If they get tired, we will stop. The people who appeared earlier told us as they were leaving that they felt they had gained a more in-depth knowledge of things, and they were very happy about that. So I think we should use the same approach for our next meeting on Thursday. These people will have a lot to say.

[English]

The Chair: We'll provide for two and a half hours, but I'll keep in mind the fact that we'd like to get out of here, and maybe we could end at a quarter after the hour, as we did today. There will be no committee business, so that will give us enough time, and it's a decent compromise.

I think that just about covers it. The question is, do we need to accept the report?

The Clerk: Yes.

The Chair: The butchered report? What do we do?

The Clerk: I think you should adopt the third report as it is, just for the technical aspects of it.

The Chair: Why don't we do that? Why don't we adopt it—

The Clerk: As is, or as amended?

The Chair: As amended. We can adopt the third report as amended.

I will go over it one more time for the details.

The details are that the witnesses are those we heard today, with the exception of the Canadian Federation of Independent Business and the Canadian Council of Chief Executives, who we'll try to get in for an additional hour at one of our meetings next week, either Tuesday or Thursday. We'll let the clerk make calls on that.

The second one is that for Thursday's meeting, coming up in two days, we have the Canadian Labour Congress, which will be presenting for seven minutes, and the FTQ plus the additional three unions from Quebec, who will have a total of 10 minutes and will sit at the table to answer any direct questions. We'll have the two employee groups with five minutes each, and then we'll have the Building and Construction Trades Department with seven minutes.

The meeting will be two and a half hours, mindful of the fact that the sector council meeting is held that day and we're going to have a chance once again. If we run out of things to say, we won't just be here talking for the sake of talking; we'll move forward on that.

I think that's a good compromise all around, given the letter you guys gave me on Friday and the misunderstanding. I appreciate.... I'll slow down and also wait to make sure the translators have a chance to finish.

Are there any additional comments? I think we've resolved the issues for today.

Thank you very much. We're going to let you two guys go.

We're going to adjourn the meeting. Very quickly, we'll have a subcommittee meeting now to deal with a couple of things in camera—most definitely in camera.

The meeting is adjourned.

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