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

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EVIDENCE

**Thursday, November 26, 2009**

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**Chair**

**Mr. Dean Allison**



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

Thursday, November 26, 2009

• (1530)

[*English*]

**The Chair (Mr. Dean Allison (Niagara West—Glanbrook, CPC)):** Pursuant to order of reference of Thursday, November 5, 2009, Bill C-56, An Act to amend the Employment Insurance Act and to make consequential amendments to other Acts, we'll now get started.

Before we get started, there's a budget before you. It's a supplementary travel request that needs to go before the Liaison Committee tomorrow morning to be approved. It's for additional witnesses and equipment that was omitted on the first budget. I'm sure there are probably not a whole lot of questions regarding that. I'll call the question on the budget.

All in favour of the \$21,580 request for additional funds from the Liaison Committee.

(Motion agreed to)

**The Chair:** We have the Department of Human Resources and Skills Development before us today. We have Frank Vermaeten, Louis Beauséjour, and Luc Taillon. Thank you for being here.

I understand you don't have a statement, but you have a few comments to make before we get started.

**Mr. Frank Vermaeten (Senior Assistant Deputy Minister, Skills and Employment Branch, Department of Human Resources and Skills Development):** Thank you very much.

I just want to say that we—

**The Chair:** I'm sorry.

Go ahead, Mr. Lessard.

[*Translation*]

**Mr. Yves Lessard (Chambly—Borduas, BQ):** Mr. Chair, before we begin, the clerk received a notice of motion from us. A little while ago, in the House of Commons, I brought up the fact that we had received new information that could be very useful to the committee. The information comes to us from the former chief actuary. We submitted a notice of motion to the clerk that reads as follows:

That the study of the clause by clause of Bill C-56 be postponed in order to hear the previous chief actuary to the employment insurance commission, Michel Bédard.

Immediately after hearing from our friends here today at the committee meeting, we hope to hear from Mr. Bédard, which would

not delay our proceedings very much. Right after that, we could continue with our clause-by-clause study of the bill. That is my proposal.

[*English*]

**The Chair:** Thank you.

Since this motion has not been brought before us 48 hours in advance, we're going to need unanimous consent of the committee for this to proceed.

Do we have unanimous consent for this motion?

**Some hon. members:** No.

**The Chair:** We do not have unanimous consent, so we will not proceed in that fashion.

Go ahead.

• (1535)

**Mr. Michael Savage (Dartmouth—Cole Harbour, Lib.):** I just want clarification from Mr. Lessard.

Mr. Lessard, do you have this witness here now?

[*Translation*]

**Mr. Yves Lessard:** Yes, he is here now. It would not delay our proceedings. His testimony would not take long, unless there are questions. I think people will have questions for him, but his presentation will be fairly brief. We could ask him a few questions. Then we could continue with our clause-by-clause study of the bill.

[*English*]

**The Chair:** Mr. Savage, go ahead.

**Mr. Michael Savage:** I wonder if the committee wouldn't mind adding this person. We're here. The potential witness is here. This addresses a number of questions that had been raised at this committee by us.

We remain supportive of Bill C-56, but there are some questions that have been raised. It seems to me that if the person is here, we should hear from that person. I don't think it would add any time. We could add him to the panel or we could do it separately.

**Hon. Maria Minna (Beaches—East York, Lib.):** I agree with that.

**The Chair:** Once again, I'll ask the question for unanimous consent.

**Mr. Michael Savage:** Do we need unanimous consent to add a witness?

**The Chair:** Yes, and once again, if this had been put out with 48 hours' notice, I think everyone would have had the same amount of time to respond.

Go ahead, Mr. Lessard.

[*Translation*]

**Mr. Yves Lessard:** Mr. Chair, there is a major reason why we did not have 48 hours. First of all, I did not learn about the information that I received from Mr. Bédard until last night. It was not until today that we could check to see if he could appear before the committee at today's meeting.

Furthermore, Mr. Bédard learned of our proceedings. He is not here to make the officials who are here look bad. That has never been his style. He is here to provide additional information that he considers relevant, given his experience and expertise, as well as his knowledge of the current situation and the issues related to Bill C-56. That is why it is important to hear from him. It would be unfortunate for the committee not to benefit from such a knowledgeable resource and informed opinion.

[*English*]

**The Chair:** Thank you.

Mr. Martin.

**Mr. Tony Martin (Sault Ste. Marie, NDP):** I want to speak in support of Mr. Lessard's motion. We have an hour set aside this afternoon.

**Mr. Maurice Vellacott (Saskatoon—Wanuskewin, CPC):** On a point of order, Mr. Chair, we've dealt with this twice now in the way of votes. Why are we carrying on? I don't know if that's even procedurally correct. We've had the vote twice on the issue, so what are we doing?

**The Chair:** Actually, we had it once. We'd like it a second time. We'll see if we get there in one second.

**Mr. Maurice Vellacott:** Why do you do things twice, even?

**The Chair:** We're still having some conversation. We can get to the witnesses in one second.

Go ahead, Mr. Martin.

**Mr. Tony Martin:** Out of courtesy, Maurice, we're just trying to make a case that maybe it wouldn't be such a big challenge here to add this person to the panel we have. I don't think this is going to take an hour, frankly. There were some areas we wanted to explore. They're obvious. They were raised before. If this witness could add some value to what we're going to hear from the witnesses already at the table, then why wouldn't we want to take advantage of that? This is important work we do, and I have an amendment to make later that might be helped by the information he would present, so I could make my case for it.

I would ask the government side to consider having this extra witness added to the table here, so we can move on and move forward.

**The Chair:** I have Mr. Vellacott and Mr. Komarnicki.

Go ahead.

**Mr. Maurice Vellacott:** With respect, Tony, I think it's also an issue of courtesy to all of us. I'm not an obstructionist in respect to this, but we don't normally just throw people on a panel. I'd like to have notice, then we can maybe check out the kinds of questions we'd want to ask, have the background of the individual, remarks they made in public, etc., subsequent to their being in that role. I think it's a courtesy, not an issue of time; I think we could probably get through the time. But I don't understand why we didn't have this name put forward at a point earlier, if it was that critical. We were thinking about this for a while.

I respect that he has good intent, no doubt, but I just feel a little taken aback at being jumped by having a witness come to the committee table on short notice. I've never had this happen, actually, in 13 years of being a member of Parliament. It's a bit of an irregular procedure, to say the least.

I mean no offence to my friends across the way there, but I find it highly irregular. I like notice of these things in advance; we come prepared as a result.

● (1540)

**The Chair:** I have Mr. Komarnicki, Ms. Minna, Mr. Lessard, and Mr. Savage.

Mr. Komarnicki.

**Mr. Ed Komarnicki (Souris—Moose Mountain, CPC):** I'm trying to understand this—maybe I missed the opening remarks on this. We have the chief actuary here, really, to testify, along with some of the people who had to do with the preparation of the material. Am I to understand that Mr. Lessard wants the previous chief actuary to also provide testimony?

**The Chair:** Yes, that's correct.

**Mr. Ed Komarnicki:** It seems to me that if we have the present chief actuary here, then that's part of what we said we would do, and I can't see going back to somebody else who didn't have anything to do with this, or at least is a previous actuary. So it doesn't make good sense to me. I wouldn't be convinced on giving consent just on that basis alone, for sure.

**The Chair:** Ms. Minna.

**Hon. Maria Minna:** Thank you, Mr. Chair.

I was just going to say that I understand we need to give notice and all of that, but we are also a committee that's trying to pass a bill in a very short period of time, so we're working together collaboratively to get as much information as we can in a short span of time. If the witness Mr. Lessard wants to bring forward has some information that maybe our current witnesses may not have here, because we didn't ask them to prepare—depending on what they were asked to bring—it would be a collaborative effort. It won't delay us any. I think it would be helpful to have as many witnesses as possible.

We on this side of the table, anyway, have all said we're supportive of the bill, to start with. All we're doing is trying to clarify some issues within it at the moment. I don't see that as obstructionist. I think that would be in the spirit of collaboration and trying to work together. If we were trying to stop or kill the bill and we'd said we didn't support it, then I could understand the concerns, but that isn't the case here.

**The Chair:** Thank you.

Mr. Lessard and then Mr. Savage.

[*Translation*]

**Mr. Yves Lessard:** I want to respond to a question put by Mr. Vellacott. Why did we wait until today? Because we did not have the information at the last meeting. We did not find out whether Mr. Bédard could appear until today. I learned of the note last night. That is the objective reason.

There is something else. People are wondering whether it is out of the ordinary to do this here. I do not think so, Mr. Chair, not in this committee. We have always tried to respect everybody to ensure that we gain the best understanding of issues possible and that we have the best information in order to make decisions regarding bills. We have always enjoyed that kind of flexibility here. Under the circumstances, it is totally relevant because the information that I now have and that needs to be corroborated by a witness is, in my opinion, critical to our vote today.

I do not understand why anyone would not want us to hear that information, especially given the reasons put forward by Ms. Minna. Do we want to expedite the process, to fast-track things? It seems we are being asked to hurry up because it needs to be done quickly. It would be different if I were asking to delay our work. But since I am not and since this does not compromise the outcome of the conclusion of our business today, it would be mean-spirited to prevent us from hearing from this witness.

[*English*]

**The Chair:** Okay.

I've got Mr. Savage and Mr. Vellacott.

**Mr. Michael Savage:** I have been on committees before where we have allowed people to appear as witnesses without notice. It seems to me that just recently, looking at Bill C-50, the CAW or the CLC came here and asked for permission to bring somebody to the table who made a compelling case on behalf of that bill, which the government supported. So I don't think it's entirely without precedent.

**The Chair:** Thanks, Mr. Savage.

Mr. Vellacott.

**Mr. Maurice Vellacott:** I would respond to my colleague across the way, my friend Mr. Savage, that in fact it is different because it's actually somebody supporting their own kind of position, bringing it forward in a collaborative way.

I say this as gently as I can to Mr. Lessard, because I know he really works hard on this committee and he means the best, I'm sure, but there wasn't even the collaborative effort before question period or at any point.... We have it slapped on our desks as the meeting is about to start. We've already agreed on a plan of action. I don't know

if there was any foresight, but did you just find out a minute before the meeting began? I think not. There could have even been the conciliatory attempt to bring it to people before Question Period, at some point in the morning or afternoon, if that was the time when you found that out.

I want to say, in as gentle a fashion as possible, that I haven't seen this happen before. It's not to say you can't ever do it if it's never been done before, but I just don't see it as forwarding our agenda. We came to a fairly lengthy discussion last time and agreed to do this.

To the chair, I would simply ask you to call the question so we can get on with the agreed plan that we had deliberated at length on at the last meeting, when you weren't here, Mr. Chair, so we can proceed to hear our witnesses and get on with the clause-by-clause.

• (1545)

**The Chair:** Okay.

Do I have anyone else on the list? Mr. Lobb, did you want to comment?

**Mr. Ben Lobb (Huron—Bruce, CPC):** My only comment, Mr. Chair, is that the witnesses that we've heard to date are either those directly involved within the government or those who reflect large bodies—the Canadian Labour Congress, the Federation of Independent Business, the CAW, and on and on. This individual may have some pertinent facts, but it remains to be seen who he represents—perhaps himself. I think this is a slippery slope for committees to entertain.

I think that the wishes or the demands from the last meeting were to have Mr. Taillon come before the committee, present his information, have questions asked of him, and be prepared to entertain those questions. I think the committee should stay focused and avoid the temptation to bring witnesses who represent possibly themselves and their own calculations.

No offence to the witness is suggested. I just feel as though that is the slippery slope that committees must resist.

**The Chair:** It is clear that we don't have consent, so I am going to turn it over to Mr. Vermaeten for his comments. We'll get started with the first hour, to discuss any questions we may have.

**Mr. Frank Vermaeten:** Thank you, Chair.

I want to comment briefly on the material we provided you. We provided four pieces.

The first piece is some detailed information on how we derived our projections. We're happy to answer any questions on that. I want to comment that we thought this was a significant amount of detail, more than is usually provided for measures that go through the budget process or other EI measures.

The second piece, as requested, was on the explanation of the sharing of compassionate care benefits.

The third piece was on the analysis of gender. This was a fairly lengthy piece, which provides quite a bit of detail on it. I want to apologize for its arriving a little late. That is because it is such a large piece that it took us quite a while to have it translated and all formatted.

The last piece is a clarification of the role of the Office of the Chief Actuary and the chief actuary for the EI commission.

Last time, there was a lot of confusion because we used the term “chief actuary”, and sometimes the committee and witnesses were talking about different people. We have the Office of the Chief Actuary, which works for OSFI, the Office of the Superintendent of Financial Institutions, and is responsible for the actuarial valuations for CPP, for OAS, and for the Canada student loans program. They are not responsible for the EI program. For that, we have a chief actuary who provides advice. So we brought with us Luc Taillon.

I want to clarify that Luc has two roles. One is that he is the chief actuary for the EI program, and his team provides support for the EI commission in determining the premium rate for any given year. That is only part of his job; it's where he spends roughly one-quarter of his time. Most of his time is spent as a member of the skills employment branch, which I head. There he runs the actuarial and geomatics group, and occasionally he is pulled in to provide support in the development of measures. Such was the case with the self-employment measure.

Usually he is not part of that. When we look at the recent initiatives that HRSDC has developed—the additional five weeks, the Canada transition assistance initiative, the work sharing, the recent increase to 20 weeks for long-tenured workers—he isn't involved. The only reason we involved him this time around was that the measure is quite complex, and we thought it was a prudent practice to have that extra layer of rigour when it came to this assessment. Other than that, the policy was developed in the same way as it always is.

I hope that is helpful. We are pleased to answer any questions.

• (1550)

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

We will start as we normally do with our rounds of questioning. We will start with seven minutes, and we'll start on the Liberal side.

Mr. Savage, the floor is yours, sir.

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

Thank you for some of this information. Concerning the clarification about the roles of the chief actuary, even the minister seemed to be a little confused when I asked questions about the chief actuary who was involved in this. I'm trying to piece together what you have said.

Mr. Taillon, what actuarial work did you actually carry out in relation to the preparation of this bill?

**Mr. Luc Taillon (Chief Actuary, Department of Human Resources and Skills Development):** In short, we looked at the methodology that was used, the assumptions, and the results. It was a very rigorous process. We worked very closely with Louis Beauséjour's group on these projections.

It is not only me. We are a group of three fully qualified actuaries; we are fellows of the Canadian Institute of Actuaries. We all looked at the methodology, the assumptions, and the results, and we felt that they were actuarially reasonable. We helped develop the model and the assumptions, if you wish.

**Mr. Michael Savage:** Okay, you helped to develop the model and the assumptions, so you were involved in determining what the uptake would be on this program, what the cost would be, and thereby what the premiums would be, were you?

**Mr. Luc Taillon:** We were part of that process, absolutely.

**Mr. Michael Savage:** So do you put some kind of stamp of approval on that? I'm trying to determine your role as somebody in the department versus somebody like a chief actuary who would have a sort of oversight role.

**Mr. Frank Vermaeten:** Perhaps I can answer that, because I think that was the point of the initial statement that I made.

He absolutely would not put his stamp of approval as a chief actuary for the account. That's a very specific role, where he has statutory responsibilities. He provided advice, and his team was part of verifying these numbers, in the same way as members of the skills employment group—of which both of these are members—worked together to derive the numbers. So there is no official stamp of approval. He has no more of an official role in these numbers than does Louis Beauséjour.

**Mr. Michael Savage:** Mr. Taillon, when did you begin your work on this bill?

**Mr. Luc Taillon:** It was in the summertime, if I remember well, but I was away at that time, so it was one of my staff who started working on the model and the projections.

**Mr. Michael Savage:** Can you tell me what assumptions you used in doing the work? Is that something that you would have done? Would you have looked at those numbers and said, that makes sense or that doesn't make sense to me? Would you have done the work yourself? How many people work with you specifically in the Department of Human Resources?

**Mr. Luc Taillon:** I supervise a group of 12 employees, but among these 12 employees only three are actuaries, including me.

**Mr. Michael Savage:** The cost that we found out—kind of late in the process here—from Mr. Vermaeten after significant questioning is that the steady state cost of this program was going to be \$78 million, I think. Is that a number that you can vouch for?

**Mr. Luc Taillon:** As I said before, we were part of developing the model and the assumptions that went in, and yes, we fully agreed with the results that came out of that modelling.

**Mr. Michael Savage:** Do you ever disagree with the department on stuff?

**Mr. Luc Taillon:** We have some frank discussions sometimes, but nothing major, no.

•(1555)

**Mr. Michael Savage:** Can you verify that the premium rate that employees are going to pay is the same as what regular employees pay? It seems coincidental that it would fall on that exact same number if the purpose of this was that it would be a break-even process. Do you verify the rate that employees are going to pay in order to be part of this under the self-employed program?

**Mr. Frank Vermaeten:** In this case, I think it's more appropriate that I respond, because this was a policy decision on what the appropriate rate was, and that policy decision was based more on whether it would be break-even—exactly break-even, or approximately. There were three factors that we took into consideration. One was that we wanted this to be principles-based; second, we wanted it to be administratively simple; and third, we wanted it to be fair for both those who would be signing up for this, i.e., the self-employed, and for other ratepayers. So it was a broader set of considerations.

I'd be happy to elaborate on those principles and administrative ease, if you'd like.

**Mr. Michael Savage:** We have some questions about the cost in Quebec, considering the fact that maternal and parental...but I'm reasonably confident that my colleagues in the Bloc will ask those questions. But it is a concern that we share.

My bottom-line question to Mr. Vermaeten is, why did it have to be dragged out that there was going to be a cost? The minister has referred to this as a break-even process. If we knew there was going to be a cost of \$78 million steady state after 2014, why did it take this committee to get that information?

**Mr. Frank Vermaeten:** I think at the first appearance she made here, she made it clear that this would be essentially self-financing for the most part, and she indicated that there may be a small deficit run by this. She also indicated that it actually may break completely even and could even make a little bit of money. She then directed us to provide additional information on that.

**Mr. Michael Savage:** Well, she didn't want to give us a cost. We've asked her that question. It was only after some questions that we got the cost from you, for which we are appreciative.

Let me ask you this.

One of the real concerns we have is that this is going to be a drain, conceivably, on the EI fund as it exists today, that regular EI payers who are already going to be facing a significant drawdown on the \$2 billion that is going to be transferred over may end up having a further drain on the EI fund because of this program. We think the program is good. I asked the minister if she would assure the committee that if there was an overdraft, if you will, on self-employed... We're not saying don't give EI to the self-employed, but pay that out of general revenue, as you did with the extra five weeks in January.

If the program has a surplus, which it has to for the first few years—by its very nature, people have to pay in for 12 months before they get money out—does that surplus go into the EI fund? Does it come off the \$2 billion? How does that work?

**The Chair:** That's all the time we have, but I do want a response.

**Mr. Frank Vermaeten:** Yes. The impact of this is going to be fully amalgamated into the EI account. In the initial year, when we're

collecting the premiums and not paying out benefits, it's going to go into the EI account, and vice versa if it does indeed run a deficit or break even. Again, only time will tell exactly what that number will be. These are our best-case projections.

You asked a question about why this is simply not financed out of the CRF to the extent that it is not fully funded. I think in the case of the five weeks and a number of the other measures, that was a special stimulus funding that was provided given the economic situation. They were temporary measures. This was designed to be a long-term measure, a permanent measure that was fully integrated into the EI account. Given that, the minister thought it was only appropriate that it's fully integrated with the EI account.

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

Mr. Lessard, sir, you have seven minutes.

[*Translation*]

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

I want to thank our witnesses for being here today, including Mr. Taillon, of course.

Mr. Taillon, we insisted on your presence here because you advise on matters pertaining to the employment insurance fund. You are the chief actuary. My questions are mainly for you.

You said that you were away during the summer and that two other actuaries did the work. But you fully agreed with the results that came out of that modelling. Those were your exact words. Mr. Vermaeten said that determining the premium rate is a political decision. I am rather shocked by the fact that you had such little involvement in that, and yet, you said you agreed with the result.

We submitted our concerns about the premium rate. We tried to get answers but got little in the way of clarification. I will give you a document, in both languages. Could someone please hand it out. It is from someone who is fully knowledgeable and qualified, since you said they were qualified actuaries. It is an opinion issued by the former chief actuary. I also have it in English. As soon as my colleagues have it in front of them, I will read it. I am not sure whether my colleagues across the table also have it in English.

•(1600)

**Mr. Luc Taillon:** I do not have it yet.

**Mr. Yves Lessard:** We will give it to you in both languages.

I will read it very slowly. It will take about a minute and a half, not that long.

It is Mr. Bédard who...

Mr. Taillon, do you know Mr. Bédard?

**Mr. Luc Taillon:** Yes.

**Mr. Yves Lessard:** Is it true that he was your boss?

**Mr. Luc Taillon:** Yes.

**Mr. Yves Lessard:** Is it true that he was your boss for a period of ten or so years?

**Mr. Luc Taillon:** That is true.

**Mr. Yves Lessard:** So he is someone who is qualified.

**Mr. Luc Taillon:** He is a very qualified actuary.

**Mr. Yves Lessard:** Like you, I am sure he is.

I am going to read the document. Mr. Bédard is retired, yet he has generously taken the initiative to give us his opinion on the questions we were asking during the discussions that he saw on television. He writes the following:

At the committee meeting on November 19, you asked Minister Finley and Mr. Vermaeten what were the costs of the special benefits included in the employment insurance benefits package.

Please find attached the answer to your question.

- Maternity/parental leave benefits: 0.88%
- Sickness benefits: 0.41%
- Compassionate care benefits: 0.0002% (minor)

It is worth noting that premium deductions applicable to the Quebec parental leave benefits program must be included in the total cost calculation, as well as the costs related to the premium reductions applicable, Canada-wide, to private wage insurance benefits (in case of sickness) offered by employers.

In bold characters, he then writes:

The premium rate that Quebecers should pay under C-56 for insurance sickness benefits should be 0.41%. A 1.36% premium rate would be excessively high.

If, in accordance with C-56, the 1.36% premium rate is charged (as for the employees), then the reduction granted to employers, which is 1.4 times the reduction granted to employees, is not taken into consideration.

At the end of the document, he invites me to contact him if I need further clarification.

On the following page, there is a list of the employment insurance special benefits. He gives a breakdown of the cost of those special benefits, a breakdown that we could not get from the officials in our two most recent meetings with them. We have checked the breakdown and it seems to coincide exactly with our own figures.

Mr. Taillon, could you tell us if this document could serve as a reference for us in our work today, and whether the information is correct?

• (1605)

[English]

**The Chair:** Mr. Taillon, I'll just let you know you have 50 seconds.

[Translation]

**Mr. Yves Lessard:** Mr. Chair, I would appreciate it if you could give him a little more time. This is critical. Over there, you have the only witness who can corroborate or contradict our information, and here, just now, we had people doing their best to prevent him from speaking. We decided that we were going to hear the testimony from the witnesses here in its entirety.

I would like to hear from Mr. Taillon. He is the Chief Actuary. We invited him here today. It is his responsibility to enlighten us, all the more so because he says he agrees with the figures and with Bill C-56.

[English]

**The Chair:** You have 10 seconds now.

[Translation]

**Mr. Luc Taillon:** First, I would like to say that the figures in Mr. Bédard's document are for the most part correct, except for the qualitative comments that I do not agree with. I have the English version of the document in front of me. When he says that the Quebec premium rate of 1.36% is excessively high, I feel that Mr. Bédard is comparing apples and oranges.

We are not dealing with a compulsory plan here. We must be very careful with the figures that Mr. Bédard is using. Many of those figures are actually taken from the most recent report of the Chief Actuary, published last October 14. They all deal with a compulsory plan. Employment Insurance is a compulsory plan.

However, Bill C-56 deals with a voluntary plan. The actuarial dynamics change considerably. My first reaction is that he is comparing apples to oranges.

[English]

**The Chair:** I'm sorry, that's all the time we have on that. Thank you very much.

Mr. Martin, the floor is yours, for seven minutes.

**Mr. Tony Martin:** You've heard from colleagues and others, and from reading the transcript of questions with regard to the witnesses, I'm sure there's some concern about the ability of the fund to be fully funded. Also, because this piece of the new EI will be collected from those who participate, a difficulty may be created for people in the regular EI, in that it will be tapped into in order to pay for the costs.

The question I have is this. Does the premium rate for self-employed persons reflect the benefits they will receive? Also, do you think it should be calculated independently of the rate for employed persons in order to better reflect the benefits they will receive? Should we be going there, as opposed to simply leaving it where it is?

**Mr. Frank Vermaeten:** Thank you very much for the question.

I think both this question and the question by Monsieur Lessard are really about whether the proposed premium rate is fair. As I said, the rate was chosen for three reasons. Maybe I'll take a moment to explain.



One was the principle of the current system, under which we apply a uniform rate for everyone. You have some people who you know are likely to claim a lot of EI regular benefits and others who will never claim those benefits, but they all pay the same premium rates. It is the same thing for people who claim maternity and parental benefits. Some have a high probability of claiming them, and others will never do so. I've been lucky enough to never have had to claim benefits, but I still pay the same rate. I think that's the one principle the minister really wanted to uphold. If at all possible, we should have a uniform rate, rather than having a different rate for different people. If we could have a uniform rate, that's the principle to uphold.

A second principle was administrative ease. Again, it pointed to having an identical rate. Imagine somebody with mixed income. As we've said in the material provided, in the circumstance in which an individual has mixed income, if the person signs up for the self-employed system and makes a claim, we'll be combining the income of the self-employed and the regular employment income, and that person will also be paying the premiums of both systems. It would be fairly odd to pay one dollar that's earned on the one hand at one rate and then to pay another rate for the self-employment income. Administratively there are a lot of advantages in having one rate for each pair.

The third aspect is one that you spoke to, Mr. Martin. It's about the principle of trying to balance fairness with respect to the individuals who are going to be signing up for this and the general premium ratepayers. There really is a tension between those two. You can imagine having a rate that's extremely high, and then you'd have a system that would make a profit. That would be very good for the general premium payer. Alternatively, you could have a rate that's way too low, and the system would lose a lot of money. That would require a rate increase for other payers.

This system tries to balance all of those. Having a uniform rate meets the first principle in terms of keeping a uniform rate for all payers, it meets the principle of administrative simplicity, and I think it meets the principle of fairness.

I might add that if we go to the information provided here, our principle of fairness was that the average person should more or less receive in benefits what he or she pays in over the long run. That's a typical person. Not everybody will. You'll have some people who claim a lot and you'll have some people who claim a little, but on average they will. If we look at the rate for what Quebec's paying, it's based roughly on our assumption that one in ten people who sign up will make one claim per year. If you look at it another way, if somebody pays into it for ten years, that person will make a claim for one of those ten years. At that point it's actuarially fair.

•(1610)

**Mr. Tony Martin:** In reality, Mr. Vermaeten, you have two sets of workplaces, one paying conceivably twice as much for the benefit to that worker. And of course there's also the unemployment piece of it that goes along with that.

Now you have a new set of entitlements, for which they pay half. So the government is now entering into the business, by way of what you've chosen to do here, of determining the value of different work

out there, as opposed to leaving it to the market to determine, in my view.

This brings me to my second question, which is this question of the \$6,000. The regular EI payer has to work 600 hours. It doesn't matter how much they make; they have to work 600 hours. Now you have a set of people out there who, once they hit \$6,000.... Some self-employed whom I know make \$1,000 an hour, so in six hours they could become fully vested, to the point where they then can make calculations after that first year.

Are you concerned about this disparity? Is there not something we should be doing with this before we actually put it in place, or that we should be considering down the road quite quickly to make sure this disparity doesn't exist anymore?

**The Chair:** We have about 30 seconds left.

**Mr. Frank Vermaeten:** Very quickly, an hours-based threshold wouldn't work, because we don't have any way to monitor how much an individual works. So you need a dollar threshold.

I think what we've chosen is a very fair and a very low threshold: \$6,000. An individual has a full year to make that \$6,000. I think it is quite a low and quite a generous threshold. Yes, some people will work a long time to make \$6,000, and others will work a short time. There's really nothing we can do about that unless we were to revert to an hours-based threshold, but as I said, that's really impossible to do, just administratively not feasible.

•(1615)

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

We're now going to move to Mr. Vallacott as the last questioner of the first round.

Mr. Vellacott, you have seven minutes.

**Mr. Maurice Vellacott:** Thank you, Mr. Chair.

I direct my questions to the chief actuary or to assistants as required. There are basically three questions here, and I'll go back to them if I need a nudge in the direction of the next question.

Mr. Taillon, I appreciate your being here. Thank you so much for your presence today.

The first question is, how did you derive the number of participants in this measure? Second, how did you derive the number of claims of this measure? Last, how did you derive the financial impact of this bill?

I'll nudge you along, but start in terms of how the number of participants was derived.

**Mr. Frank Vermaeten:** Again, to speak to the outset of the meeting in terms of the roles and responsibilities here, I want to be clear again that it was the policy people who did the primary work in deriving these. It was our actuarial team who confirmed the reasonableness of the numbers, double-checking them, making sure all the calculations were correct, etc. I think in that case it might be more appropriate for me to calculate, and I would ask Mr. Taillon or Mr. Beauséjour to comment if they feel I mischaracterize it in any way.

In terms of the number of participants, I think it's set out fairly clearly in this piece of paper. In terms of how we actually did it, we did it in two ways.

First, we looked at the number of mat-pat participants and we derived that number in two ways. First we looked at the QPIP model and said, look, there are 7,300 people making a claim there, so let's nationalize that. That basically means multiplying that number by four, and it gets you to around 29,200. Then you have to recognize that that's your upper bounds. If everybody were to sign in, that's how many people would want to make a claim per year. Then we had to reduce that, recognizing that this is a voluntary system and that there is a threshold of \$6,000. So essentially we multiplied the number by two-thirds. You end up with an estimate of 20,000 claims per year, and from that you can derive how many people need to sign up to get 20,000 claims a year.

That was one part of the calculation. That was the easy part, and the part in which we have the most confidence in terms of being firm.

The second part was much more challenging. How many people will sign up for the primary purposes of claiming sickness and compassionate care benefits? This is a bit challenging, because we don't have any information on that in terms of a voluntary system. What we did was take the self-employed who made over \$6,000 and we divided it by occupation, the type of self-employed income, and we did an assessment of what the probability was for each group. This was done in Louis Beauséjour's area. He's got a team of about 30 people who are quite experienced in this. They looked at this and did their best calculations, added it all up with spreadsheets, etc., and that gave us an assessment of how many people we think would join, which would be about 500,000 over five years.

That was the total number of people joining. As for the claim rate. I think we were fairly confident about the number of claims based on the QPIP model with respect to mat-pat, which is the primary cost driver here. Then we had to make an assumption about what the claim rate was for those joining primarily for sickness and compassionate care.

Our assessment was looking at the fact that this is a voluntary system, where you're going to have self-selection, where you don't have an employer to turn to for the insurance program. About one in 10 people would make a claim, so a typical person would make a claim every 10 years; or in a typical year, one out of 10 people would make that claim. After that, it's basically just spreadsheets to derive the premiums, to derive the costs, and to derive the net impact on the account.

So that is what was done, and it was done in Louis Beauséjour's area. It was then passed on to the actuarial group. Sure, there was some interaction in between, of course, in deriving this. The actuarial group looked at it, thought it was very sound, and looked at that. There was, of course, a little bit of back and forth in that, but overall it didn't change the numbers very much. Then it went through a rigorous process, with all these measures. Whether it's a budget item or EI, it goes through the cabinet process, which means that central agencies are looking at these numbers, and they're vetting them and they're scrubbing them, as we say in this line of work, and they're making sure the numbers are right.

• (1620)

**Mr. Maurice Vellacott:** Do I have any time left? I'll pass it to my colleague Mr. Komarnicki.

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

Obviously, when you look at the EI program as it is, there's one premium but different types of benefits for different groups of people. In this particular case, you said you were guided by a number of principles. Some of that was administrative simplicity, perhaps easy to understand, making the premiums for the self-employed similar to what employed people now pay. All of that adds to the picture, I gather, thus the reason for setting the rate as we have it. Is that correct?

**Mr. Frank Vermaeten:** Absolutely, and in the end you have the principles and you have administrative simplicity, but it also has to have fairness. This is a voluntary system, and it has to be affordable to individuals to say—

**Mr. Ed Komarnicki:** I'll just interject there.

One of the witnesses—I think it was the Canadian Federation of Independent Business—said the voluntary portion was a very significant part for the large number of self-employed that they represent, and they wanted to have that principle there. When you have that, you then have to start making some assumptions, as you did, so you'll never be right on. There's going to be some variation through that process, is there not?

**Mr. Frank Vermaeten:** You're never going to be right on. I'll give you an example of Louis' battle with some of his best work on work sharing. That was a very important initiative through which we extended the period for which companies can be on work sharing. We made it easier for companies to be able to use work sharing. As it turns out, the number of companies that actually want to participate in work sharing was much higher than we thought. It turned out to be almost twice as many. We have over 165,000 participants in work sharing, a much greater participation than we thought. Of course, it's also much more costly than we thought. On the other hand, they're providing a lot more benefits, and a lot more jobs have been protected.

Yes, when you have a voluntary system like this, it's much more difficult to predict the rate of participation, and we'd be the first to say so.

**The Chair:** That's all the time you have.

We'll start our second round. Maybe we can get two quick rounds in.

Ms. Minna, I'll take it over to you.

**Hon. Maria Minna:** Thank you, Mr. Chair.

Thank you for coming.

This question is to Mr. Taillon. Last summer, when did you get involved with the file, Mr. Taillon? I was out of the room, but my colleagues said you got involved last summer. What month was it, exactly?

**Mr. Luc Taillon:** Actually, when I said last summer, I think I was mistaken. It was after Labour Day. After Labour Day I was away for a couple of weeks because I injured my shoulder. While I was gone, my staff was working on this modelling for the self-employed.

**Hon. Maria Minna:** When did you yourself become more involved with it? At what point did you yourself become more involved with it?

**Mr. Luc Taillon:** It was when I returned to work at the end of September.

**Hon. Maria Minna:** It was the end of September.

With regard to the voluntary versus the compulsory aspect, my sense is that because this is voluntary, the people who are expecting to be using it, such as someone who is expecting a child, someone who is ill, or what have you, are more likely to opt in than someone who is younger or someone who is not expecting a child. That person may not bother with it. Given the fact that this might keep the numbers down, will it be financially actuarially sound?

In a compulsory system, everyone shares the load. It's a collective risk. Here it's not. It's actually a self-selective group that could end up being small, and the employer side is being picked up by others. In some cases, women who work part time can't access EI now. Can you give me your assessment on whether or not it's a sound way to go?

I would rather Mr. Taillon answer that. I'm asking him the actuarial question. I appreciate his input.

**Mr. Luc Taillon:** I understand your question.

I think that's one of the reasons for keeping the premium rate relatively low. It's to make sure enough people are interested in joining this program. By keeping the premium rate relatively low, you will have an influx of contributors, which will make this an overall break-even, but there's always some danger involved with a voluntary program. It's a balance to make sure there are enough people joining the program, not just high-risk people.

**Hon. Maria Minna:** Does keeping the premium low actually mean that the other employees already paying into the system are most likely picking up the slack? The employer part is being picked up by the EI fund, and the voluntary premiums are kept lower. That means others are picking up the slack for the self-employed. In other words, it's not self-sustaining, because there's not a collective risk.

• (1625)

**Mr. Luc Taillon:** It is to be self-sustainable.

**Hon. Maria Minna:** But it is only that because the rest of the workers are picking up the difference, paying the employer's side.

**Mr. Luc Taillon:** If you're talking about cross-subsidization, that's not the intent of this new program. It is to be self-sufficient.

**Hon. Maria Minna:** I'm sorry if I'm interrupting, but just to be clear, my understanding is that the self-employed individual would pay their premium, and the employer's part of the premium—it is normally the case that you have the employee and the employer—would be picked up by the EI fund, which is other employees. That's what we were told.

**Mr. Frank Vermaeten:** If I may interject, I don't think that's exactly what we said.

We have provided the estimates here. The person who joins pays only the employee portion at the current rate, which is for example presently at 1.73%. There is no employer portion.

**Hon. Maria Minna:** No, but are you saying that the employee portion is high enough that it covers the cost of both of what normally would be, in another situation, the employer and the employee contributions?

**Mr. Frank Vermaeten:** We've provided you with the projections, and there are two aspects here. First of all, the individuals will only be able to receive special benefits. Are the premiums enough to cover the cost? We'll have to see whether exactly that is the case. If you look at our midpoint projections, we would say not quite. Our midpoint projections show that in steady state, we think there would be a shortfall of around \$78 million. If that in fact turns out to be the case, it would be picked up by a general rate increase of a little less than a cent per year for all provinces except Quebec.

**Hon. Maria Minna:** Would the rate increase be to the self-employed?

**Mr. Frank Vermaeten:** No, it would be a general rate increase across the board. The self-employed would also be impacted by that one cent.

**Hon. Maria Minna:** Yes, I know, but then you are saying that the shortfall will be picked up by the rest of the fund.

That was my understanding, so that's fine.

**Mr. Frank Vermaeten:** Yes, the \$78 million would be.

**Hon. Maria Minna:** That's what I'm saying.

**The Chair:** That's all the time we have. Do you have one quick question?

**Hon. Maria Minna:** I have a question. It may be hard to make it quick. It has to do with the \$6,000.

Only one-third of the self-employed are women, and they're likely the ones who apply the \$6,000 the most. Some of the male...or the ones who do better can earn \$6,000 in a month or two or less, whereas somebody else will have to do \$6,000 in a year, maybe.

Can you explain how this would work? I find it a little strange that rather than hours...especially when the majority of people working part-time are women. They can't access it because they don't have enough hours ever, yet they're paying into EI all the time.

**Mr. Louis Beauséjour (Director General, Employment Insurance Policy, Skills and Employment Branch, Department of Human Resources and Skills Development):** I just want to clarify something. People earning \$6,000 will not be able to qualify right after earning \$6,000. They will have to look at all the year completely, the year before.

**Hon. Maria Minna:** Contribute for the year. Yes, I understand that.

**Mr. Louis Beauséjour:** This is all done over the year. The system now is quite different: when you work 600 hours, you can qualify just after your 600. Here, you always use a full-year qualification period.

**Hon. Maria Minna:** It says here that the minimum for the year is \$6,000. I could earn that in a month. It's still my year....

• (1630)

**Mr. Louis Beauséjour:** But it will be all the year there.

**Hon. Maria Minna:** I guess I'm out of time.

**The Chair:** We're out of time.

**Hon. Maria Minna:** I really want to get back to Mr. Taillon on this one, but there may be another chance.

**The Chair:** I want to thank Mr. Taillon and Mr. Martin for being here. I don't know whether you'll still be at the table for the clause-by-clause, but I would ask that we get ready to go to clause-by-clause.

I'll ask those who need to come to the table to come, and those who want to dismiss themselves can do that as well.

Thank you very much for taking the time to be here today.

• \_\_\_\_\_ (Pause) \_\_\_\_\_

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• (1635)

**The Chair:** Let's get started with the amendments and the clauses and what we have to deal with here.

I want to make sure that everyone has the amendment package in front of them, as well as the agenda. I will make sure everyone has that information before we proceed.

I want to know where we are in terms of who doesn't have the information yet.

**Ms. Raymonde Folco (Laval—Les Îles, Lib.):** Chair, just for my own information.... I have four packages, four sets of amendments. I wonder whether we could, just technically, spend three minutes to put it all together under your supervision, so that I know what I have in front of me. They came in at different times and in different languages, and I'm not too sure which is which.

**The Chair:** Okay. I'll point out that the package they're handing out now is the one.

**Ms. Raymonde Folco:** I would just like something.

**The Chair:** The one they're handing out now has Bill C-56 on the front. It says G-1 in the right corner and talks about "committee stage", and it should have a "number 1" written on the bottom of the page.

**Ms. Raymonde Folco:** Yes.

**The Chair:** We'll make sure we go over each one when we get there.

**Ms. Raymonde Folco:** Excuse me, I have something else called "C-56, NDP-1". Is that part of the package?

**The Chair:** That will be part of the package as well.

**Ms. Raymonde Folco:** Okay. And I'm sorry to be a nuisance, but I also have something else.

**The Chair:** Do you have "Bloc-1" as well?

**Ms. Raymonde Folco:** No. I have something called "Government Amendments...clause 11".

**The Chair:** Don't worry about those. Just take the two packages that have been given out right now. There's the one with "NDP-1" on it, and then the one with "G-1" on it.

**Ms. Raymonde Folco:** Okay.

**The Chair:** Go ahead, Mr. Savage.

**Mr. Michael Savage:** Mr. Chair, if I could, I want to get the attention of the parliamentary secretary for a second.

**The Chair:** Mr. Komarnicki?

**Mr. Michael Savage:** Just before we do clause-by-clause, I have a motion that I haven't circulated and that I have with me in both official languages. I am wondering whether, in the spirit of cooperation we've been hoping for, I might have unanimous consent to bring forward this motion.

I'll read it first, in case the government thinks we're playing tricks.

How would it be if I read it in English?

**The Chair:** Go ahead.

**Ms. Raymonde Folco:** Read it in French, please.

**The Chair:** Just wait until the translator gets it.

**Mr. Michael Savage:** The motion is:

That in the opinion of the committee, the government has acknowledged that the voluntary employment insurance system for self-employed persons will not be self-financing, and the resulting imbalance will cause increases in premiums both for employees and employers who are not voluntary participants in the program, and the government should commit to funding out of general revenues the amount by which benefits to the self-employed exceed premiums paid by the self-employed, so that Bill C-56 will not result in a premium increase for employees and employers.

**The Chair:** Do you wish to speak to that?

**Mr. Michael Savage:** Yes.

We were told that this was going to be self-financing. When the minister spoke to this before, she indicated that it would be self-financing. When we asked questions about this, it turned out, and we got written information, that the cost of this is going to be some \$78 million per year once we reach 2014, I think it is.

While we support EI for the self-employed, we don't think it should be a further burden on the EI fund, which is already under significant duress. So we think it makes sense that the government should commit, if there is a cost to this, that it not come out of the EI fund but come out of general revenues.

If the government is okay with that.... If they're not, then—

**The Chair:** Since we're in clause-by-clause right now, we would need 48 hours for this motion, Mr. Savage. So we can put it on notice and maybe have a look at it at a later time.

**Mr. Michael Savage:** Okay.

**The Chair:** All right. We'll go to clause 2, then.

Pursuant to Standing Order 75(1), consideration of clause 1 is postponed. The chair calls clause 2.

(Clauses 2 and 3 agreed to on division).

(On clause 4)

●(1640)

**The Chair:** Now what I would ask you to do is go to your first page, G-1, and I'll ask Mr. Komarnicki to read amendment G-1.

**Mr. Ed Komarnicki:** Here we go:

That Bill C-56 in clause 4 be amended by replacing lines 18 to 23 on page 2 with the following:

initial claims for benefits under this Act by an individual if the individual who accumulated the violation qualified for benefits in each of those two initial claims, taking into account subsection (1) or )2), subparagraph 152.07(1)(d)(ii) or regulations made under Part VIII, as the case may be.

**The Chair:** Is there any discussion on that? Then I'll call the question.

(Amendment agreed to)

(Clause 4 as amended agreed to)

(Clauses 5 to 9 inclusive agreed to)

(On clause 10)

**The Chair:** We now have clause 10, and the BQ-1 amendment, so what I'll ask Mr. Lessard to do now is read the amendment, which probably is on page 2 of your package.

Mr. Lessard, the floor is yours to read the amendment, and then we can have any discussion thereafter.

[Translation]

**Mr. Yves Lessard:** Our amendment is as follows: that Bill C-56, in clause 10, be amended by adding after line 3 on page 7 the following:

(2.1) For the purposes of this section, the system for reducing the premiums under Part VII.1 is as follows: A - (A x B) where A is the premium rate entitling an individual to all special benefits and B is the percentage equal to the ratio of the cost of the special benefits of the employment insurance system already offered under an agreement with a province to the cost of all special benefits.

Mr. Chair, basically, we want this to be related to the actual costs of the two benefits.

[English]

**The Chair:** I'm sorry, Mr. Lessard, we have a point of order here.

**Mr. Ed Komarnicki:** It's a point of order with respect to the motion to amend.

Bill C-56 as you know, Mr. Chair, would establish a scheme to provide for the payment of special EI benefits to self-employed workers who are not currently entitled to receive them. Premiums for the special benefits are set out in part VII.1 of Bill C-56, and since the bill would increase government spending, the bill is accompanied by a royal recommendation, as we know. The member has proposed an amendment that would change the manner in premium rates for EI special benefits and how they're calculated. The amendment would add an additional calculation for reducing employer and employee premiums, and this would increase the EI program costs by reducing premium rates for self-employed workers. By amending the manner in which the premium rates for EI benefits are calculated, the amendment would alter the conditions of the royal recommendation for Bill C-56, and citation 596 of the sixth edition of *Beauchesne's Parliamentary Rules and Forms*, which states:

...an amendment infringes the financial initiative of the Crown not only if it increases the amount but also if it extends the objects and purposes, or it relaxes

the conditions and qualifications expressed in the communication by which the Crown has demanded or recommended a charge.

Page 767 of the second edition of the *House of Commons Procedure and Practice*, and I quote:

Since an amendment may not infringe upon the financial initiatives of the Crown, it is inadmissible if it imposes a charge on the public treasury....

I would therefore ask that this motion to amend the bill be ruled out of order.

●(1645)

**The Chair:** Mr. Lessard, you can continue on.

[Translation]

**Mr. Yves Lessard:** Is my amendment in order, Mr. Chair? If not, I would like to respond. I feel that Mr. Komarnicki's claim is not valid. I can explain why.

[English]

**The Chair:** Sure.

According to the legislative clerk, this amendment is not out of order.

[Translation]

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

This amendment is very appropriate. It would also have been very opportune if our colleagues opposite had been able to hear from Mr. Bédard because they would then have understood how pertinent this amendment is.

Mr. Chair, I feel that I have to say that Mr. Taillon's claim that the documents I have that list the costs are comparing apples and oranges is unfortunate. That just shows contempt, as the conservatives do when someone has an opinion different from theirs. That is destroying people who hold different views. This is what Mr. Taillon is doing when he says that a career official who has given Canada 32 years of service, including 12 as Chief Actuary, is incompetent, at the same time as he refuses to have his own documents in hand.

I find that offensive. I find it irresponsible and unacceptable, because, in those documents, we are going to discover an annual deficit of \$100 million whereas there will be a \$30 million surplus in Quebec.

What will happen then? That deficit will have to be made up. Quebec will have paid twice because there will be a \$30 million surplus precisely because fewer people are eligible. We must remember that everyone in Quebec who takes parental or maternity leave is not eligible. That just leaves the people on compassionate or sick leave, and that is a minority.

That is why the amendment we are proposing here provides a balance. It is totally false to claim that there is fair treatment here. And, all through this present exercise, we have been prevented from showing this. This is even clearer today, because the only person who could provide us with an objective opinion about all this, a generous contribution on his part that does absolutely nothing for him, has been dismissed out of hand. They have rejected the advice and are doing what they have done in other committees: treat the person who wanted to testify with disrespect and not even give him the opportunity to be heard. I find this quite deplorable. It would have provided the clarification that our colleagues require in order for them to vote with us in favour of this amendment and to clearly understand what it is about.

We had other documents to present, Mr. Chair. We have a very basic one here that sums up the situation very well. But there are other documents that show the excessive contributions, the surpluses in Quebec and the deficits in the rest of Canada.

Let me tell our colleagues in the Liberal Party this right away. I feel that the intent to make up any deficit from the public purse is very good. But even that is going to add to Quebec's financial responsibilities, since there is no funding for it. Our taxes are going to be used to pay for a benefit that Quebec is already paying for itself, Mr. Chair.

That is why I feel that, in order for us to vote in favour of Bill C-56, this amendment must be passed. If not, people will accept it based on a misunderstanding of its costs, which will have been falsified, Mr. Chair. And we cannot give our support to that.

• (1650)

I hope that colleagues will vote with us to support this amendment.

[*English*]

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

Mr. Komarnicki.

**Mr. Ed Komarnicki:** Further to the point of order, I'd like to not challenge the chair directly just at this moment, but I think we need some explanation as to the advice that suggests changing the essence of what the royal recommendation for the bill was, which set a particular specific premium rate with respect to those who would qualify for certain benefits in Quebec and those for the rest of the country, which somehow could be amended without needing an expansion or a contraction of the royal recommendation.

Now, the portion that I quoted was quite clear, and I think I have it on pretty good authority that an amendment such as this infringes the financial issue of the crown not only if it increases the amount but also if it extends the objects and purposes or relaxes the conditions and qualifications expressed in the communication by which the crown has demanded or recommended a charge. It also talks about the fact that if you're going to change the premium rate by the amendment, you are doing something that is going to affect the general purpose and intent of the bill, how it is to be administered, how the charge is to be raised, and how it's to be made with respect to the EI account and general revenues, and that's the prerogative of the government.

So I think we need a pretty clear explanation with respect to that, and I would actually challenge any decision that would be contrary to the committee as a whole, because I don't buy that, quite frankly. So I think we need to have some better explanation. It's in order.

**The Chair:** I'll let the legislative clerk talk, and then we'll go to Mr. Lessard.

**Mr. Wayne Cole (Procedural Clerk):** The royal recommendation deals with government expenditure and the terms and conditions of the expenditure. This deals with the premium rate, which is not expenditure, it's income. It's the money that comes into the fund, not the money that goes out, and so it's not covered by the royal recommendation that accompanies the bill.

**Mr. Ed Komarnicki:** But it does relax the conditions or qualifications that are expressed in the royal recommendation part of the bill.

**Mr. Wayne Cole:** It does not change or relax the terms of the royal recommendation with respect to the expenditure in the bill, and the royal recommendation only deals with expenditure. It doesn't deal with all of the terms and conditions of the bill, but only those terms and conditions that relate to expenditure.

**Mr. Ed Komarnicki:** Let's put it in plain, simple English. If the premium rate is reduced, as this would propose, for the same benefit, ultimately it will be a charge against the EI account, which is underwritten by the Government of Canada, and that certainly would be out of order.

Can you answer that?

**Mr. Wayne Cole:** There is no additional expenditure from the consolidated revenue fund as a result of this amendment. There may be an accounting change inside the consolidated revenue fund, but no one is eligible for any additional benefit in any way that is different from that already provided for in the bill and covered by the royal recommendation.

**Mr. Ed Komarnicki:** It changes the amount of the premium. Quite frankly, if the formula is applied, it will change the amount that is collected, and that ultimately will have an impact.

**Mr. Wayne Cole:** It does not have an impact on the royal recommendation, because the royal recommendation does not deal with the income. It only deals with the expenditure.

• (1655)

**The Chair:** I'm going to take names for this.

I've got Mr. Lessard, and then I'll come back to Mr. Vellacott.

Mr. Lessard.

[*Translation*]

**Mr. Yves Lessard:** I won't repeat the clerk's arguments. I think he was far more convincing that I could ever be.

Mr. Chair, I invite Mr. Komarnicki to reread the "blues". He just confirmed that he would like to see any surplus from Quebec used to offset the deficit for the rest of Canada. I think he should reread the "blues" because he inadvertently contradicted us, to serve his own cause.

I do, of course, agree that our motion is completely in order, because it does not add to the government's spending.

[English]

**The Chair:** Mr. Vellacott.

**Mr. Maurice Vellacott:** Again, along the same lines as what Mr. Komarnicki raised, a technical legal term is used here, but the end result is that it may well and quite likely would mean for greater expense.

I don't understand the logic. I know we're getting into highly technical stuff here, but the bottom line is that it's going to be a greater drawdown. I would think, then, that it does contravene and it's against the royal recommendation.

That's my view.

**The Chair:** Mr. Komarnicki.

**Mr. Ed Komarnicki:** I've made my argument on the point of order, but if your ruling is that it is in order, I would like to make an argument and appeal to my colleagues with respect to the amendment itself. If this is not the right time, I won't make those comments, but if it is, I will.

**The Chair:** Go ahead.

**Mr. Ed Komarnicki:** I was quite clear. We did a number of things here. I've been around committee for a while and we said a couple of things. We were dealing with Bill C-304, which is the national housing strategy bill, which we had the numbers here at that point to actually defeat. But part of what happened here was that we did three things. We said, one, we will move Bill C-304 forward before we break; two, we would travel next week; and three, we would report this bill to the House by tomorrow.

Not everybody would have agreed with that, and I'm sure Monsieur Lessard may not have, but that was the motion that passed. Obviously when I was part of that process, it was with the idea that the bill wouldn't be reported to the House with amendments that would end up having a financial impact.

I say to my colleagues that this motion as it stands should be defeated. If it's not, I consider it to be a substantive amendment to the bill, and it wouldn't be in accordance with my understanding of what we did when we moved those motions.

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

Mr. Lessard, Madam Folco, and then Mr. Savage.

[Translation]

**Mr. Yves Lessard:** If that's Mr. Komarnicki's final argument, he must be getting desperate. He claims that amendments should not have been approved, when he himself tabled 15 amendments, Mr. Chair. Is he saying then that we should also reject these amendments without first studying them?

In my opinion, each amendment must be weighed on its own merits. We have tabled one amendment, and it is key to restoring a cost balance between Quebec and the other provinces. There is a cost factor involved that reflects an absolute imbalance.

Earlier, one of our colleagues opposite was saying that he did not understand why they were doing this. If we had agreed to hear from the former Chief Actuary, Mr. Bédard, this colleague would have likely understood why. He refused to get this information and now, he is refusing to say anything or to hear anything about this motion,

because he claims he doesn't have the information. They are the ones who decided not to get this information.

I have all of this information here with me and I wanted to share it with my colleagues. It does not come from me, but from a person in whom the Canadian government placed its trust for 32 years, 12 of which were spent as an actuary and senior advisor on the Employment Insurance Fund. That is nothing to sneeze at.

Instead, they prefer to tell us that it is of no consequence, that we are comparing apples and oranges, that we mustn't do this, and so on. They prefer to shoot everything down, rather than hear from someone whose opinion differs from theirs. Sometimes, the opposite view brings the truth. But in this case, the opposite view was rejected. This is becoming a habit here in this committee. We saw it last week when an attempt was made to shoot down a witness who held an opposing view. The same happened earlier, as if there was nothing untoward about it.

I remind members that the aim of our motion is to restore a cost balance between Quebec and the other provinces, for the sake of justice and fairness. It is not a matter of awarding additional benefits. We are keeping the same cost envelope, in so far as premiums are concerned, but we are shifting a certain percentage of these costs, based on accounting facts, or calculations. We haven't done the calculations, because that is ultimately a job for the actuaries. It's a matter of agreeing on this method of calculation, not of arguing that we are holding to a principle, as some have maintained. In fact, we've been accused of holding to a principle and that the decision had nothing to do with accounting, but rather was political in nature. That is what the gentlemen said earlier during the course of his testimony.

It makes no sense to agree to a premium based on a political principle, because that creates some injustices. And it is precisely one such injustice that we want to correct, and the only way of doing that is by sticking to foolproof accounting principles that have stood the test of time.

● (1700)

[English]

**The Chair:** Thank you.

Madam Folco, followed by Mr. Savage.

[Translation]

**Ms. Raymonde Folco:** Mr. Chair, I would like to remind Mr. Komarnicki that I was the one who chaired the committee in your absence.

[English]

I will do it in English so there won't be a translation problem between me and Mr. Komarnicki and he will understand the weight of my words.

I was the person who presided over the meeting because you were away, Mr. Chair. In the meeting we discussed under what circumstances we would discuss and do the clause-by-clause and table Bill C-56. I do not recall our ever mentioning the word “amendment” either in a negative or in a positive sense. We simply discussed the fact that we would do the clause-by-clause and that we would eventually, by Friday at the latest.... That is what the agreement was. There was no agreement as to whether we would bring in or not bring in amendments. We simply didn't discuss it.

That is the first thing I want to say.

The second one is, since Mr. Komarnicki talks about additional expenses, the legislative clerk has just explained to us—and I have to take his word as being a very informed person—that there are no additional expenses, and this is why he has ruled that my colleague Mr. Lessard's motion is not out of order as you wish it to be, Mr. Komarnicki.

The last thing I want to mention is this regarding Tuesday afternoon when I sat in the chair once again. I want Mr. Komarnicki to recall how difficult it had been—and he was part of the discussion—to bring the actuary to this meeting this afternoon. We didn't even really know, in fact, which actuary we were bringing because we didn't even know what his full title was, whether he was actuary to the government or if he was one to the ministry or what. That was another question we were asking. I know that perhaps other people around this table were not in the dark, but I was pretty much in the dark as to who this person was and what his title was, and therefore what his responsibilities were.

So things have come out this afternoon that I certainly didn't know about and I am very glad I know about now, because it does bring a certain light on that aspect—not on the whole Bill C-56, but on that aspect of the bill. This does not change the fact that eventually we will come to a decision, whatever that decision may be, and that eventually it will be tabled or not on Friday.

Mr. Komarnicki, I'll say it right to you. I feel that what you are doing right now is pure blackmail. I'm telling you, Mr. Komarnicki, I am disappointed in you.

• (1705)

**Mr. Ed Komarnicki:** I'm disappointed in you, in the fact that we understood very clearly—

**The Chair:** I have a list here right now.

Mr. Savage.

**Mr. Ed Komarnicki:** —what was happening and it wasn't some kind of amendment, and you know that. Mr. Savage was clear about that too in the last meeting, so you—

**The Chair:** Order.

I have Mr. Savage and Mr. Lobb on the list.

**Mr. Michael Savage:** The members will know, and if they don't know they can look at the minutes, that I have never been in favour of rushing this bill through. I have said it is our fiduciary responsibility to examine legislation. I did not vote for that motion, although I allowed it to pass because it was the will of the committee. I did not vote for the motion that put the timetable on this, because I think it's an abdication of responsibility of the

committee to say we'll pass something within a very short period of time, no matter what we find.

We have found some troubling information. We've seen this from the very beginning. The questions that were given to the minister were vague. She didn't seem to know what actuary we were talking about. Then we forced some information out of Mr. Vermaeten and Mr. Beauséjour. It is troubling, but that's what happens when you rush legislation through. That's the problem, and we are where perhaps some of us thought we might be.

Having said that, it's a very difficult thing to be here, trying to be a responsible opposition, the day before we as a committee have voted to report this back to the House and hearing this kind of information. Having amendments put forward by Mr. Lessard that might correct that situation was anticipated before. What do we do as a responsible opposition? It's a tough question, Mr. Chair. It's five past five on Thursday. Most members of Parliament are on planes or they're back home, and we are trying to get this legislation through. It produces a very difficult situation.

What I am asking the parliamentary secretary is this. If we are not going to make material changes to this bill, what is the government prepared to do? Are they prepared, for example, to ask the Auditor General to have a full look at this bill and give us her opinion as to whether this rate setting has been appropriate? Will she examine the bill so that we have an independent set of eyes look at the financing of the bill, the impacts on the EI fund, and whether the rates are set correctly across the board, particularly in the province of Quebec?

If the parliamentary secretary can commit to me that he's prepared to have that done, that would go a long way in alleviating the concern that I personally have as a member of Parliament who is trying to do his job and do the due diligence in committee that needs to be done and also recognize that we made a commitment as a committee, even though I wasn't keen on it when we did it.

**The Chair:** Okay.

Here's who I have on the list: Mr. Lobb, and then Mr. Martin.

Mr. Martin.

**Mr. Ben Lobb:** A lot of the pieces to this amendment have been discussed, and various things have been negotiated in the past. Mr. Lessard made his point, but you know, in the spirit of cooperation, he did receive his information, it appears from this e-mail, over 48 hours ago, and failed to e-mail any of my colleagues that I know of. It would have given us at least a chance to look at this information and consider it. Instead, the day of—the *time* of—we're presented with this. So we'll take the spirit of cooperation or consideration with a grain of salt, if he doesn't mind.

I would argue to the legislative clerk, though, that inside that amendment, the proposed or possible rate could in theory drive an excessive intake of this program, which would lead the program to an excessive deficit, possibly; we're talking theoretically here. It would in fact create an expenditure that would fall under the considerations given when a royal recommendation is considered.

I take that very seriously. We are talking all of these situations here on best estimates and so forth, and that would qualify the proposal under a royal recommendation.



**The Chair:** Mr. Martin.

**Mr. Tony Martin:** I accept the ruling of the clerk here.

I have just a couple of comments in response to the comments put on the table by Mr. Savage. Yes, we agreed on a timetable here. I thought it was tight, but we had a week. We could have had other meetings. We chose not to. I know that my colleague Mr. Godin suggested that we have a meeting on Wednesday to work our way through some of the difficulties that present re this bill.

As well, there are difficulties. Right from the beginning there were no suggestions by anyone that this was as sound as it could be and that it couldn't be improved. We agreed on the principle. We wanted to move forward. We thought that the self-employed workers out there deserved at least the small amount of coverage they get with regard to this—

● (1710)

**The Chair:** Ms. Folco.

**Ms. Raymonde Folco:** On a point of order, Mr. Chair, it's only a detail, but Mr. Godin never brought this up in committee. He never asked for an extra day for a meeting.

**The Chair:** Thank you.

Mr. Martin.

**Mr. Tony Martin:** That's fine. He did suggest and have some discussions re other times that we could meet, and particularly Wednesday of this week. As I look at it, there weren't the witnesses to bring forward anyway.

Having said that, I at no time suggested, certainly, that we would simply rush this thing through, after hearing from witnesses, without bringing forward amendments that would improve this bill, make it better, and respond to some of the difficulties with the bill brought forward by the witnesses. I mean, that's the work of committee. That's how committee works. That's the dynamic of committee. To suggest for a second that we might not, given the opportunity, as we have this afternoon, bring forward amendments and have them discussed and voted on or not, is not, I think, understanding the process.

For example, one of the big concerns of the bill is that it's not actuarially sound, that there isn't the money coming in from the people who are going to be covered that would be available to cover the cost of the benefits to them. What the Bloc has moved here is an amendment that will move us in that direction, particularly where Quebec is concerned. There already is special consideration for Quebec in the bill. This just moves us to a place where the bill may in fact be more actuarially sound. Because of that, we're going to support it.

I'm going to suggest to you that there are other difficulties with this bill. Given that we don't have unlimited time—we never do with bills—and that the government has brought forward a piece of work that we think is necessary for a significant number of self-employed workers out there, we're bringing forward an amendment to make sure the government actually lives up to a commitment they made in the budget, which is to set up a panel of experts to look at this and come back and make recommendations to change it so that it in fact

does work better for everybody concerned. But we'll have that discussion when that time comes.

Those are my comments at this time.

**The Chair:** Thank you.

Mr. Komarnicki.

**Mr. Ed Komarnicki:** Mr. Lobb raised an interesting point. I don't think anybody has ruled on it and it should have a ruling.

Perhaps I might pose a question—well, maybe we can't—to someone here in the room who knows. If you lowered the premium rates, as could happen under the formula that Mr. Lessard is proposing, that would result in a higher take-up rate, which would result in more expenditures, which would affect the royal recommendation. I think that was the essence of Mr. Lobb's point, and I hadn't heard what the response to that was or what the ruling was.

When we talked about reporting the bill to the House.... I mean, I've been in legal practice for 31 years and I know it would mean without any material changes or substitutions or additions. I don't think anyone's less than clear on that. You can do what you like, but I know what the basis and premise of that is.

And then I would like to have Mr. Savage maybe indicate to me more clearly what he is suggesting. I know exactly what happened in the last meeting. And you can say what you want, but being around a long time, I know the difference. I think there should be a ruling on this point.

● (1715)

**Mr. Wayne Cole:** If more people participate in the program, and there are higher expenditures as a result of that, those would be the operating expenditures of the program. But nothing in that changes the manner or the rules, the framework in which the program functions. And that's what's covered by the royal recommendation. So the additional expenses that might occur in that particular scenario would be operating expenses.

**Mr. Ed Komarnicki:** How do you consider it an operating expense when it increases the amount you have to pay out in benefits as opposed to premiums collected? If it's an operating expense, it's an expense as a result of paying out benefits. How is it an operating expense if it's actually paying out the benefits?

**Mr. Wayne Cole:** It's the operation of the program. That's what the program is designed to do.

**Mr. Maurice Vellacott:** Are you saying that it wouldn't matter—

**The Chair:** Hold on a second, we've got a list here.

Mr. Lessard, and then we'll come back to Mr. Komarnicki, Mr. Vellacott, and Mr. Savage.

Go ahead, Mr. Lessard.

[*Translation*]

**Mr. Yves Lessard:** Mr. Chair, we could review the “blues”. The Minister and senior officials told us, as did Mr. Taillon today, that what they want to achieve is fairness. When they talked about principles, they mentioned fairness. So then, as far as this motion to amend is concerned, if there already is fairness, then the outcome will be same.

We maintain that there is no fairness. The motion aims to restore fairness. It does not increase premiums, it merely distributes them differently. Mr. Komarnicki has stated on two or three occasions that it doesn't bother him a great deal, if at all, if there is no fairness.

This is one of the flaws that we have identified in the bill, and the best way to correct that flaw is by adopting a proven formula like this which will give results. It will ensure an equitable situation.

Mr. Komarnicki is arguing that even if the situation is inequitable, he wants the status quo. That goes against the spirit of the bill.

[English]

**The Chair:** Mr. Vellacott, followed by Mr. Komarnicki and Mr. Savage.

**Mr. Maurice Vellacott:** Obviously, whatever happens here today, it's not going to be the end of it. It'll be obviously appealed and taken to other levels too.

But when we say here, under *Beauchesne's Parliamentary Rules and Forms*, "Amendments to bills are out of order if they attempt to substitute an alternative scheme to that proposed with the Royal Recommendation"... If Quebec is having a different program or a different approach here, a different scheme—I know we're into legal language, legal limbo, if you will—to me that, on the face of it at least, prima facie appears to be an alternative scheme at that juncture.

The nature of the amendment is to have an alternative scheme, and particularly in this case, that affects only Quebec. I'm wondering if the clerk has taken that into consideration—not the dollar amounts so much as the alternative scheme. It appears to be clearly that, at least on the face of it.

**Mr. Wayne Cole:** As I said before, the premium rate is not covered by the royal recommendation because it's not expenditure, it's income. The fact that this may be a—

**The Chair:** We have a point of order.

Mr. Lessard.

[Translation]

**Mr. Yves Lessard:** Mr. Chair, I would like to apologize to the clerk, because he is doing a good job. We agree with him.

I have a point of order. This is the third time that a decision made by you and by your senior advisors has been called into question. If they disagree with this decision, they should stop wasting our time and appeal it. We can then come to a final decision, Mr. Chair.

[English]

**Hon. Maria Minna:** Are you challenging the chair?

**The Chair:** We have a list here. Let's follow along.

I have Mr. Komarnicki and Mr. Savage.

**Mr. Ed Komarnicki:** I've already spoken.

**The Chair:** Mr. Savage.

**Mr. Michael Savage:** Let me respond to what Ed said a while ago following my intervention, which is, what am I talking about here? What do I need in order to have some assurance that we don't need an amendment like this?

I don't have to work out 100% of the details now, but if the parliamentary secretary gives me his assurance that the government will support a motion asking the Auditor General to have a complete look at Bill C-56 to assure its actuarial soundness, in particular looking at how rates are set and its impact on the EI fund, I'd be prepared to move this bill through tonight without material change to it. I don't have to have the exact working. We have the blues here.

Is that something we can agree on and have a look at?

• (1720)

**Mr. Ed Komarnicki:** Maybe I can respond to that and then obviously I want to think about it.

The bill is not as complicated as most would make it. We have heard testimony today that said the rate is set, having regard to a number of factors, and they're policy factors. One of those is ease of administration, that it's easy to understand, and equal to the same amount that's being charged to employees now. That's not complicated. The uptake rate will determine how many benefits are paid out. There are a number of factors, but it will not be equal. There will be some deficits, and those have been indicated by Mr. Beauséjour. They've been set out to exactly what they are.

That doesn't change what we understood about the bill. You can have any number of accountants look at it, you can have any amount of number crunching, but those are policy kinds of considerations. The bill is what the bill is. The bill was put forward here. We all read the bill. We all knew how it worked. If we're going to start saying at this hour that we're going to make material changes to it, that has nothing to do with the design of the bill.

It's meant to work this way. It's meant to say that if you collect from employees what you're collecting from other employees and you have a lot of people taking maternity and paternity benefits, and you have sickness and compassionate benefits, and they are a little more than the premium, that will have to come from the EI account. That's the way EI works, and it's cost-subsidized in many other areas, if you look at the premiums today. Those who receive benefits don't exactly pay in equal to their benefits. That's the way it's designed to work. Nothing will change about that.

For me to go back and say, let's make it actuarially sound to ensure the premiums will be equal to the benefits—that won't happen, because that's not the way the bill is designed. We all knew that, and we're now playing games—some of us. I'm saying we'll have to deal with that. We knew what we were talking about last week and nothing has changed.

**The Chair:** I'm going to let you respond, and then I have Mr. Lessard.

**Mr. Michael Savage:** Ed just said you can get any number of accountants to look at it, but I just want one to look at it, an independent one.

**Mr. Ed Komarnicki:** A policy is a policy.

**Mr. Michael Savage:** There is actuarial work that gets done in setting rates. You can't just say that it is what it is and then we'll change it later. There has to be some formula.

Just a second, Ed. I'm trying to find a way to work with you on this. We want to get this done; we want to get this through. Mr. Lessard has raised some big questions. He's told us today that the former chief actuary of the fund has looked at it and indicated that the Quebec rate is way out of whack. That's worthy of note.

So here we are now having to approve this bill tonight. What I'm saying to you is this. We will approve this bill, as Liberals, tonight. We will support getting this bill through so that it can be reported to the House tomorrow, but we just want a separate set of eyes to look at this; we want an assurance from the government. It doesn't have to be a long study by the Auditor General. It could just be that she's had a look at it and gives a report to this committee. That's what I want. It's something so that I can go back and say, these questions have been raised, let's get a separate set of eyes....

**Mr. Ed Komarnicki:** You can do that if you want to, but it's not going to change the principle of the bill.

**Mr. Michael Savage:** I want you to work with us in the spirit of unanimity and collegiality. Christmas is less than a month away.

**Mr. Ed Komarnicki:** I know, but we're.... Look—

**Mr. Michael Savage:** The trees are up on Parliament Hill. Let's just see if we can work together on it.

**Mr. Ed Komarnicki:** If you want to get an actuary, then get an actuary—there are many of them around—to have a look at the bill.

**Mr. Michael Savage:** I don't want that. I want the people of Canada to have it. That's what I'm saying. Let's get somebody to have a look at this, so we can work together and get this bill through.

**The Chair:** Mr. Lessard.

[*Translation*]

**Mr. Yves Lessard:** Mr. Chair, with all due respect for my colleague Mr. Savage, who I hold in high esteem, I don't think his suggestion will resolve anything. Once the decision is made, it cannot be changed. It is the government's prerogative to establish a rule based on a political choice. That's what we have been told. Rules are not based on actuarial decisions, but rather on political decisions.

Mr. Komarnicki says that this isn't serious. Does it not look serious to you, Mr. Chair? Perhaps he should listen a little. The Chief Actuary from 1991 to 2003 reviewed the situation using the actuarial projections of the Chief Actuary on the job in 2010. He concluded that the contribution rate Quebecers should be paying pursuant to Bill C-56 should be 41¢ in the case of sick leave, instead of \$1.36, a rate that would be clearly excessive.

Summing up, Mr. Komarnicki doesn't think this is serious. He is dismissing this matter out of hand. This very same chief actuary

who, may I remind you, worked for 32 years as a government advisor, 12 of them as Chief Actuary. This person is saying that each year, the program throughout the rest of Canada will run a deficit of \$100 million. Each year, Quebec will record a surplus of \$30 million. By 2014, the deficit will have ballooned to \$300 million.

Who is going to absorb that deficit? Once again, it will be divided among all Canadians. My colleague will argue that this isn't right, that the situation is unfair, that Quebec will be put through the wringer. Yet, those who will be embracing this program will be workers who, for the most part, have started up their own business and who already have trouble making ends meet. They will probably misunderstand and sign on and ultimately get shafted, although the government maintains that fairness is the goal of this initiative.

If the objective is fairness, then we will put our trust in the actuarial method, as we are proposing here, and get some fair accounting results, not end up with political choices. My colleague prefers political choices and if someone demonstrates that these choices are unfair, he prefers to attack the person who doesn't share his opinion.

What more is there to say? He doesn't think this is a serious matter. We, however, take this matter very seriously.

• (1725)

[*English*]

**The Chair:** Okay. Are there any other comments?

Mr. Savage.

**Mr. Michael Savage:** Can we have 120 seconds to caucus?

**The Chair:** Most definitely.

**Mr. Michael Savage:** Or 125 seconds?

**The Chair:** Yes, we're going to suspend for two minutes.

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

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• (1735)

**The Chair:** Can I have all the MPs back in their seats, please, and our witnesses back at the table?

I have Mr. Savage on my list here.

**Mr. Michael Savage:** What bill are we on, Chair?

Okay, it would have been my preference that we'd had an opinion from the Auditor General, but I think if the government will agree that we will have an independent actuary, agreed upon by the opposition parties, come as a witness to this committee sometime within the next three working weeks of this committee to give an independent analysis of this bill, we will support getting this bill through today.

Our reasoning on this is that, yes, the bill will go to the House, but let's keep in mind that people will be paying for this, starting January 1, for a year. It has to go through the Senate. There may be time to make adjustments. If nothing else, we'll get the assurance that either this bill is actuarially sound—that the rates set are actuarially sound—or it's not, and the government will have to make adjustments accordingly.

It may not be a perfect solution, Mr. Chair, but we have made a commitment—although I wasn't keen on it—to move this bill through by tomorrow. We have travel next week. We don't want to be unduly obstreperous to the process, but we want to have some rigour, as we've raised.

So if Mr. Komarnicki will agree to this committee's hearing an independent actuary of the choosing of the opposition parties before Christmas....

**Mr. Ed Komarnicki:** Before Christmas?

**Mr. Michael Savage:** Before Christmas 2009.

**Mr. Ed Komarnicki:** So just to be sure, we would agree as a committee to have the opposition bring an actuary—maybe even Mr. Lessard's person—before the committee to testify with respect to the actuarial soundness of this bill.

**Mr. Michael Savage:** The actuarial soundness of this bill: rate setting, premium setting, cost estimates—

**Mr. Ed Komarnicki:** And that would consist of a meeting of one hour?

**Mr. Michael Savage:** I think it would be a full day, Mr. Chair.

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

**The Chair:** One meeting.

**Mr. Ed Komarnicki:** One meeting, one hour.

**Mr. Michael Savage:** One hour, yes.

**Mr. Ed Komarnicki:** Okay, but this will not impede the process of passage of the bill. With that, I would agree.

**The Chair:** Mr. Lessard.

[*Translation*]

**Mr. Yves Lessard:** Mr. Chair, that amounts to voting against our amendment. We know how things works, we weren't born yesterday. My colleague wasn't born yesterday either. We know very well that once a decision is made here, there is little likelihood that it will be changed later. We are willingly entrusting others with a task that we have refused to take on. I'm amazed at how easily Mr. Komarnicki is willing to accept this, given that he refused to hear from... He says that this could even be his own actuary. It's not our actuary, Mr. Chair. He's an expert. He spoke out because he felt it made no sense. He is not our own actuary. We suggested that he appear as a witness, he was here, but the committee refused to hear him. Now, it has been suggested that we adopt this and then see. Come on, Mr. Chair. This is supposed to be serious business!

We are entrusting someone else with a task that we should be taking on ourselves. We could have devoted a good half-hour to this task. We could have heard from Mr. Bédard and then, we could have done our job quickly and avoided all of these discussions. But we choose to get into a debate because they never want to accept an

opposing view. They never want to accept an opposing view before decisions are made. We don't agree with the suggestion that someone can tell us after the fact that we should have come to a different decision. We are, of course, civilized people and we will welcome them and listen to what they have to say, but what will be the point of that, Mr. Chair?

Now is when the work is being done. I'd like someone to explain something to me. I'm not trying to be disagreeable, but we all have a responsibility and I totally respect the individual efforts that are being made. Mr. Savage clearly described the efforts he was making earlier. When the opportunity presents itself to have some light shed on the situation, how can we possibly turn it down, unless perhaps there is some malicious intent involved? We brought him here and there is still time to hear from him. Unfortunately, I'm sure our request will again be denied. He is still here. We have wasted about one hour because we refused to hear from him. I am convinced that once the committee has heard what he has to say, the majority of the members will vote in favour of my amendment. I don't think the Conservatives will support it. It says a lot about costs. We do not agree with bringing in an actuary after the fact. We will listen to what he has to say, because we're polite, but we don't think it will serve any purpose.

• (1740)

[*English*]

**The Chair:** If there's no more discussion on Bloc amendment BQ-1, I'm going to call the vote.

[*Translation*]

**Mr. Yves Lessard:** Mr. Chair, I would like a recorded division.

[*English*]

(Amendment negated [See *Minutes of Proceedings*])

(Clause 10 agreed to)

(On clause 11)

**The Chair:** On clause 11 we have an amendment, G-2.

Mr. Komarnicki, would you read the amendment into the record?

**Mr. Ed Komarnicki:** Amendment G-2 says:

That Bill C-56, in clause 11, be amended by

(a) replacing line 4 on page 7 with the following:

11. Section 97 of the Act is replaced by the following:

(b), replacing line 12 on page 7 with the following:

duties of the Minister under this Part and Part VII.1.

(2) An officer or employee employed in connection with the administration of this Part, section 5, subsection 152.01(2) or (3) or any of sections 152.21 to 152.3 or any regulations made under section 5, 55, 152.26 or 152.28, if designated by the Minister for the purpose, may, in the course of their employment, administer oaths and take and receive affidavits, declarations and solemn affirmations for the purposes of or incidental to the administration or enforcement of this Act or the regulations, and every officer or employee so designated has for those purposes all the powers of a commissioner for administering oaths or taking affidavits.

• (1745)

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

I see “Section 97 of the Act is replaced”... We're talking about replacing line 4 on page 7, and “by the following” is already on line 5. Do we need to delete “by the following”, since it's already in there?

**Mr. Ed Komarnicki:** All right.

**The Chair:** I'll call the question on G-2.

(Amendment agreed to)

(Clause 11 as amended agreed to)

[*Translation*]

**Mr. Yves Lessard:** Mr. Chair, we intend to vote against each clause and ultimately against the bill. Consequently, instead of intervening at each stage as is customary for us, I would like the record to show that we oppose the bill in its entirety, for the reasons I have given, and that we will be voting against it.

[*English*]

**The Chair:** Okay, thank you very much.

I'm going to group clauses 12 through 15 together.

(Clauses 12 to 15 inclusive agreed to)

(On clause 16)

**The Chair:** We have NDP-1, which will be next in your package. I'm going to ask Mr. Martin to read it and then talk about the motion.

Mr. Martin.

**Mr. Tony Martin:** That Bill C-56, in clause 16, be amended by adding after line 22 on page 13 the following:

- (5) A self-employed person is not entitled to benefits under subsection (1) if ,
  - (a) over a period of more than one year, more than 95% of that person's income has derived from a single client; and
  - (b) in the opinion of the Commission, the relationship with the client is tantamount to an employer-employee relationship.

**The Chair:** Could you explain it?

**Mr. Tony Martin:** Again, this flows from the testimony of witnesses who raised some serious concerns, so we're putting this forward. If we are not willing to respond in some way when we think there's a good idea that would make both the bill and public policy better, then why would we have committee hearings in the first place?

The amendment is designed to ensure that companies do not evade their responsibility to provide employees with employee insurance benefits. There are many cases of people who are treated as self-employed contractors by companies and with whom they have what amounts to a standard employer-employee relationship. Such arrangements allow a company to avoid paying regular benefits, including the employer's portion of EI premiums.

The bill as it currently stands creates an incentive for unscrupulous employers to move more of their employees into false self-employment so as to save on EI premium payments. This amendment will make that more difficult. I think it is a move that will protect workers, and it will protect the government in terms of the amount of money that will have to be paid out according to this act.

**The Chair:** I'm going to rule this out of order because it goes beyond the scope of what is intended by the bill.

We're going to go now to G-3.

Mr. Komarnicki, would you like to read it into the record?

**Mr. Ed Komarnicki:** Okay. This is amendment G-3:

That Bill C-56, in clause 16, be amended by replacing lines 19 to 23 on page 23 with the following:

Act if the individual who accumulated the violation qualified for benefits in each of those two initial claims, taking into account subsection 7.1(1) or (2), subparagraph (1)(d)(ii) or regulations made under Part VIII, as the case may be.

(Amendment agreed to)

**The Chair:** On amendment G-4, would you like to read that into the record, Mr. Komarnicki?

**Mr. Ed Komarnicki:** It is:

That Bill C-56, in clause 16, be amended by

(a) replacing line 24 on page 23 with the following:

152.08(1) The qualifying period of a self-

(b) adding after line 27 on page 23 the following:

(2) A self-employed person's self-employed earnings during a qualifying period may not be taken into account in respect of more than one initial claim for benefits.

(Amendment agreed to)

**The Chair:** On amendment G-5, would you like to read that into the record?

• (1750)

**Mr. Ed Komarnicki:** It is:

That Bill C-56, in clause 16, be amended by replacing line 20 on page 38 with the following:

rate per year prescribed by regulation made under

**The Chair:** All those in favour of amendment G-5?

**Mr. Michael Savage:** Could the parliamentary secretary explain this one to me?

**Mr. Ed Komarnicki:** Louis, could you explain that one, please?

**Mr. Louis Beauséjour:** The idea in making that amendment is to ensure that the Minister of National Revenue will be able to use the existing interest rate as determined by the current regulations.

(Amendment agreed to)

**The Chair:** I will get you to read amendment G-6 into the record, Mr. Komarnicki.

**Mr. Ed Komarnicki:** It is:

That Bill C-56, in clause 16, be amended by replacing line 31 on page 38 with the following:

interest on the amount, at a rate per year prescribed

(Amendment agreed to)

**The Chair:** I will get you to read amendment G-7 into the record.

**Mr. Ed Komarnicki:** It is:

That Bill C-56, in clause 16, be amended by replacing line 3 on page 40 with the following:

make regulations, prescribing a rate for the purposes

(Amendment agreed to)

**The Chair:** I will get you to read amendment G-8 into the record, Mr. Komarnicki.

**Mr. Ed Komarnicki:** It is:

That Bill C-56, in clause 16, be amended by adding after line 39 on page 42 the following:

Delegation

152.311 The Minister of National Revenue may authorize an officer or class of officers to exercise powers or perform duties of that Minister under this Part.

(Amendment agreed to)

**The Chair:** I will move to amendment G-9 now.

Mr. Komarnicki, will you read that into the record?

**Mr. Ed Komarnicki:** It is:

That Bill C-56, in clause 16, be amended by replacing, in the French version, line 23 on page 43 with the following:

[*Translation*]

152.07(3)(b), “la détermination du nombre”.

[*English*]

(Amendment agreed to)

**The Chair:** Next we have amendment NDP-2.

Mr. Martin, would you like to read that?

**Mr. Tony Martin:** Let me just start by saying to the government that I know there was some discussion about this, some expert panel, which is what this amendment is about. We want to have it established so we can keep track of this important piece of legislation to make sure it's working in the best interests of both the people who are going to benefit from it—the people of Canada—and the government itself. There was some indication that this panel would be set up. It was certainly promised in the budget. If the government were willing to bring it forward at the report stage and implement that panel, I would be more than willing to withdraw this amendment here this afternoon.

**The Chair:** I'm going to rule that out of order because it goes beyond the scope of the bill and incurs other costs.

**Mr. Tony Martin:** I haven't moved the amendment yet.

**The Chair:** I'm sorry, I'm getting excited here. We're close to six o'clock.

Go ahead, Tony.

**Mr. Tony Martin:** Amendment NDP-2 reads:

That Bill C-56, in clause 16, be amended by replacing the heading “REVIEW OF THIS PART” and lines 29 to 32 on page 43 with the following:

PANEL AND REVIEW OF THIS PART

152.34 (1) The Minister shall appoint a panel of experts within six months of the day on which this Part comes into force to review the impact, administration and operation of this Part.

(2) Each year for a period of five years, the panel shall consult Canadians and report its findings to each House of Parliament with recommendations for improvements.

• (1755)

**The Chair:** Thank you, Mr. Martin. Now I'll rule it out of order.

**Mr. Michael Savage:** Why is it out of order?

**The Chair:** It's because it goes beyond the scope and charges additional financial responsibilities in order to make that happen on a yearly basis versus every five years.

**Mr. Michael Savage:** Does it actually do that? The government already promised to establish this panel of experts.

**The Chair:** I'll read the—

**Mr. Michael Savage:** That's okay. I'm just making the point that when we asked about this panel of experts, the response from the minister was that Marlene Jennings and I were the panel of experts. I never received an honorarium or anything like that, Mr. Chair, and I wonder if that's something you could bring back through the parliamentary secretary.

**The Chair:** All right, we'll raise that in the future.

Mr. Martin.

**Mr. Tony Martin:** On a point of order, given that there are people in the country obviously willing to work without an honorarium and do this for free, perhaps it's not out of order.

**Mr. Maurice Vellacott:** At their own expense—flights across the country?

**The Chair:** We have all the government amendments that were included in clause 16.

(Clause 16 as amended agreed to)

(Clauses 17 to 37 inclusive agreed to)

**The Chair:** Shall the short title carry?

**Some hon. members:** Agreed.

**The Chair:** Shall the title carry?

**Some hon. members:** Agreed.

**The Chair:** Shall the bill as amended carry?

[*Translation*]

**Mr. Yves Lessard:** Mr. Chair, I would like a recorded division on the bill.

[*English*]

**The Chair:** Okay.

(Bill C-56 agreed to [See *Minutes of Proceedings*])

**The Chair:** Shall I report the bill as amended back to the House?

**Some hon. members:** Agreed.

**The Chair:** Shall the committee order a reprint of the bill as amended for the use in the House at report stage?

**Some hon. members:** Agreed.

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

Mr. Savage.

**Mr. Michael Savage:** Just to reiterate, we will have an independent actuary of the choosing of the opposition. If there are any expenses incurred in that, I assume the committee will cover them.

**The Chair:** We'll look at it when we come back.

Thank you for your cooperation.

The meeting is adjourned.

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