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Chair

Ms. Candice Hoepfner

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

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• (1530)

[English]

The Chair (Ms. Candice Hooppner (Portage—Lisgar, CPC)): Good afternoon, everyone. I would like to call to order meeting 13 of the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities. Pursuant to the order from Wednesday, March 3, we will be considering Bill C-308.

We want to welcome two witnesses this afternoon from the Canadian Labour Congress: Barbara Byers, executive vice-president, and Sylvain Schetagne, senior economist, social and economic policy department.

Welcome. We're glad to have you here. You'll have 10 minutes to present and then we'll have questions from the committee members.

Ms. Barbara Byers (Executive Vice-President, Canadian Labour Congress): Thanks.

I'll be making the initial presentation and then Sylvain and I will be sharing the questions.

First of all, I do want to thank the committee for being accommodating of our schedules. Sylvain has a son who is anxious that he be picked up by his father after school, so we did say to the committee that we could be here but that at least Sylvain has to be gone by 4:30. Thank you very much. I think it's really important that the committee showed this consideration.

On behalf of the Canadian Labour Congress and our over three million members across the country, we thank you for this opportunity to come and talk to you another time about unemployment insurance—or employment insurance, as some call it—because we do bring together people from all across the country, from coast to coast, in federations of labour, our affiliates, and our labour councils.

For a long time, the CLC has had three pillars in our UI campaign. We know that a lot needs to be done with employment insurance, but we've said that there are three things that need to be fixed. The first is access. The second is benefit level. The third is duration of benefits.

I'm actually not going to spend a lot of time on the question of access and level of benefits in terms of our presentation, because I want to spend more time on the duration issue. But let it be said that access is absolutely important: there's no point in having a great program that nobody can get into. We have contended for a long

time that what we need to have is access of 360 hours. This bill provides for that.

We did not choose the number of 360 hours out of a hat; it's based on 30 hours a week for 12 weeks. In fact, that's actually higher than what the access rate was prior to going from “weeks accumulation” to “hours accumulation”. In fact, it was a lower threshold when you were in hours accumulation; I believe it was 15 hours over 12 weeks. So obviously we support the expansion to 360 hours for all claimants.

Similarly, in terms of level of benefits, the bill would modestly increase EI benefits to 60% of earnings calculated on the 12 best weeks over the previous year. We have to remember that the most recent 12 weeks aren't always the best 12 weeks, so that best 12 weeks is very important. We welcome this move to 60% on the basis of the best 12 weeks.

The average benefit today is very low. Nobody is having a good time on UI—if they ever did. The average is about \$350 a week, which is barely enough to support even a single person above the poverty line and, quite clearly, if you are a woman who actually is able to access unemployment insurance, the average is even lower in all areas for women. By the way, again, the rates were much higher before: 70% and 66%. So we haven't even come back to where we used to be.

We want to spend most of our time this afternoon on the question of duration and exhaustees, because this is becoming a much bigger problem. It's estimated that a new claimant today will qualify, on average, for about 38 weeks or nine months of benefits. That's an average of 31 weeks before the recession, plus the extra five weeks added in the budget, plus the extra two weeks guaranteed, on average, by a rise of two percentage points in the national unemployment rate.

We know that jobs are still very hard to find. Between the start of the recession and September 2009, the average duration of a spell of unemployment has risen from 13.6 weeks to 17 weeks.

More than one in five unemployed workers in February 2010 had been out of work for more than six months, clearly placing those on EI at risk of running out of benefits in the very near future if in fact they hadn't already exhausted EI. So although there is a decrease in terms of access and an increase in terms of the level of benefits, the duration of benefits remains a concern that we think needs to be addressed.

The recession has been a stress test for the current EI system, the first test of fast-rising unemployment since the new hours-based system was introduced in the mid-1990s.

• (1535)

Since the crisis began in October 2008, there has been a modest rise in the proportion of all unemployed workers collecting regular EI benefits, driven by two key factors.

First, the initial stages of the downturn were marked by major layoffs of workers who had typically been in stable employment before becoming unemployed. Before the recession, proportionately more of the unemployed were new entrants and re-entrants to the workforce, who needed 910 hours of work. That really disqualified a lot of young workers, as well as parents, mostly women, who were returning to work after a leave, as well as recent immigrants.

Second, the EI system automatically responds to downturns, though with a lag. It doesn't deal with it right away, because the entrance requirements and the duration of benefits depend on the local unemployment rate. By mid-2009, the entrance requirement to qualify for EI had fallen compared to October 2008 in about 40 of the 58 EI regions, accounting for over 80% of workers.

Many workers, though, are still falling through the cracks. Again, it's primarily young workers and women. Since October 2008, the number of unemployed workers who were unemployed but not collecting regular EI benefits rose rapidly. The proportion of unemployed workers collecting benefits has jumped for men, but has barely increased for women. The BU rate between July 2008 and July 2009 went from 37% to 45% for men, but for women it went from 44.7% to 45.2%—barely even a twitch.

The proportion of unemployed workers collecting benefits remains low in many parts of our country. Part of the reason is that it's difficult to gain access when jobs suddenly disappear in what used to be a low unemployment area.

Entrance requirements in terms of hours worked continue to exclude many unemployed workers. We estimate in some of the studies that means about 160,000 unemployed workers in any given month and a much higher number over the course of a year. There was a study by HRSDC of a proposal to temporarily drop the entrance requirement to 360 hours. That would have brought about 184,000 more workers into the system over a year, at a cost of \$1.14 billion.

As proposed in this bill, the CLC believes that the 360-hour threshold should also replace the 910-hour requirement imposed on new labour force entrants and re-entrants, because that really excludes recent immigrants and may account for why so many unemployed workers in Toronto and Vancouver are ineligible for benefits.

On top of unemployed workers who never qualify for benefits, many unemployed workers collect benefits for a while but exhaust a claim before finding a new job. Workers who entered the EI system in the early stages of the crisis, in 2008, were starting to run out of benefits in significant numbers by the fall of 2009. The number of exhaustees, we predict, will soar in the months ahead. You have figures there about what the percentages were in terms of people who exhausted their benefits before the recession and after.

It's estimated that a new EI claimant today will, on average, qualify for about 38 weeks or nine months of benefits. That was an average of 31 weeks before the recession—again, plus the extra five weeks added in the budget, plus the extra two, and so on. We think the total number of new regular EI claims in 2009 will hit about two million. If the exhaustion rate remains the same, we could eventually see 500,000-plus people and their families with exhausted claims in late 2009 and into 2010.

At this point in the recession, as I've said, jobs are still very hard to find. Between the start of the recession and September 2009, the average duration of a spell of unemployment had risen from 13.6 to 17 weeks, and more than one in five unemployed workers in September had been out of work for more than six months. I know that some of this was referred to earlier, but I think it bears repeating.

• (1540)

The CLC has called for improved access to 50 weeks of EI regular benefits. We want to make it clear that if the majority of MPs come to an agreement on this bill, we wouldn't want our position on the question of duration of benefits to stop the increase to more access and improved benefits, which are the two improvements I referred to earlier.

We still believe, though, that the benefits need to be paid longer to better protect Canadians and the Canadian economy from the consequences of an economic downturn like the one we are in now.

We urge you to support this important and progressive piece of legislation. Once it has passed, I think we need to come back to the duration issue and deal with it for all those people who are being excluded now.

I went very fast; my apologies to the interpreters. They have the English copy of the document. We will get you the French translation within the next couple of days.

The Chair: Thank you very much, Ms. Byers. We appreciate this.

We'll begin with our questions from committee members. Our first round is for seven minutes, which includes questions and answers.

We'll begin with Mr. Savage, please.

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

Welcome to both of you. I guarantee that I won't hold you up from picking up your son; that's priority number one. I wish I were home to pick my son up too.

I want to just chat a little bit about some of the initiatives in this bill, which has been brought forward by one of our more distinguished parliamentarians, who shall remain nameless throughout the committee today. As we often say about employment insurance, there are a lot of things that can be done to make the system stronger and better for more employees. I suppose you can make changes that would benefit employers as well; I think we have to bear in mind both sides. This bill refers to a number of them.

I want to reference something the Library of Parliament did for us—I think for us, or perhaps for me—back in March, in which they compared our employment insurance system to those of some other countries, particularly countries in Europe.

For example, on a waiting period, in Canada, as you know, we have a two-week waiting period. They call it a “waiting period”; it's really a “you're out of luck period” for people who are out of work. Denmark has no waiting period; Finland has seven days; France has eight days; Germany has no waiting period; and Sweden has five days. We make people wait a lot longer to get benefits than other countries do.

On benefit duration, outside of what has happened on stimulus in countries, in Canada, as you know, the benefit duration is between 14 and 45 weeks. In Denmark, it's up to four years; in Finland, it's 500 days; in France, benefits are paid for a minimum of six months; in Germany, it's from six months to a maximum of 18 months; and in Sweden, it's 300 days, but it can be extended for 150 days.

There is a whole range of areas. For example, if you look at the benefit level, we have 55% of average weekly earnings. And you're right: it used to be as high as 70% back in the seventies and probably the early eighties. Denmark has 90%; Germany has 67% if you have a child and 60% if you don't; and Sweden has 80% for the first 200 days and 70% for the period after that.

The message here is that our EI benefits... We often compare ourselves only to the United States, particularly to some states where the benefits aren't as strong; in other states they're stronger. There are a lot of ways in which you can make the case that we need to invest, particularly in times of stimulus, but even without, when you're talking about stimulus, you need to invest.

On the stimulus side, there is a lot of evidence indicating that EI is the best form of stimulus, that in fact you're giving money to people who (a) need it and (b) will spend it. The famous study that gets quoted a lot indicates that there is a benefit of \$1.61 for every dollar that's spent, so I think there is a lot more that could have been done on EI.

I guess my first question is on whether your organization has any updated estimates of the cost of any of these components.

● (1545)

Mr. Sylvain Schetagne (Senior Economist, Social and Economic Policy Department, Canadian Labour Congress): No. The last time we looked at costing some of our proposals was about a year ago and parts of the information are still missing. For instance, the issues of exhaustees and duration have implications on calculations of the cost of implementing an entitlement of 50 weeks.

So there is still part of the equation that is missing, and no, we haven't updated the estimates that we tried to put together with the information we had about a year ago.

Mr. Michael Savage: Okay.

Ms. Barbara Byers: May I add something on some of the other points you raised?

We would welcome a better EI program for the unemployed. We've been saying for years that it needs to be modernized. There is the whole question of women in the workplace and less than regular employment and so on. We would welcome all of that. Quite frankly, there's \$57 billion of workers' and employers' money that could have been put into a better program for people than one that is not there for them when they really need it.

But there's also a reality. You will recall a parliamentary committee that in 2003-04 came out with 28—I believe it was 28—very good recommendations. But we said as well that the primary issue is that you have to be able to get people into the system. We can have a really good UI system, but if you're excluded because of a high number of required hours, then you have something that just looks good on paper.

Here is one last point on the exhaustees. When I have appeared in front of this committee before, one of the things we've asked for is that HRSDC do something that is in fact done in the United States, apparently, which is to give a monthly report on the exhaustee rate and which you can't get here in the same way.

Mr. Michael Savage: That's correct.

On the issue of access, in the last statistics we had it was 40% in 2008. Now, it did go up a little during the recession, but it didn't go up substantially. To compare it to other countries again, for example... In Canada that's 40%. What the government continues to say is that 82% of those potentially eligible get it, but that's like cherry-picking a specific field so that it looks better.

Over half of Canadians are not getting EI if they're unemployed. That's one of the problems of the whole access issue: the lack of hours or where they live or whatever it is that causes them to not get it. In Germany, by contrast, 70% of the unemployed were covered by EI in the last statistical year they have, and 85% were in Sweden.

So the issue really is one of access and it disproportionately affects women and part-time workers. In the study we're doing on poverty, we've heard about this access issue on a repeated basis.

Would you agree that part-time workers and women are particularly badly affected?

Ms. Barbara Byers: Yes, absolutely. Let's just go back to before we were dealing with the recession. You'll recall what happened to people in Toronto during the SARS crisis, the people who worked in hotels as part-time workers—again, predominantly women—who couldn't get access to EI, even though they had paid in for years, because they didn't have enough hours. We need to do something about the hours for access.

By the way, we keep asking HRSDC the question of how it is that they say 80% to 82% of people who would be eligible for EI actually get it. We ask why 100% of people don't get it. If they qualify for it, 100% of the people who are unemployed should get it, not 80%, and certainly not 40%.

Mr. Michael Savage: And you know—

• (1550)

The Chair: I'm sorry, Mr. Savage.

Mr. Michael Savage: Am I finished?

The Chair: Your time is up.

Mr. Michael Savage: Thank you.

The Chair: Thank you very much.

Monsieur Lessard, please.

[*Translation*]

Mr. Yves Lessard (Chambly—Borduas, BQ): Thank you for being here this afternoon, Ms. Byers and Mr. Schetagne, to testify again about the need for employment insurance reform. Bill C-308 involves only a few aspects of that reform.

Ms. Byers, you gave a very good summary of the situation and put things in context. It was a good idea for you to remind us of the entire debate that took place in 2004, out of which 28 recommendations were made. At that time, some of us on the committee took part in that work. In addition to myself, there were Mr. Godin and the Liberal MP, Mr. D'Amours. Although the Liberals were in power at that time, some Liberal Party members supported that reform and were involved in writing the recommendations. There were also people from the Conservative Party, which was the official opposition at the time.

It is therefore largely a question of the need for employment insurance reform. The argument made is that the situation of unemployed people has improved since 2004. For one thing, there are fewer of them, it seems. For another, people who lose their jobs are treated better because of the measures in place.

I was glad to hear you speak specifically about the situation of women. I would like to know your opinion on that subject. Has the situation of unemployed men and women improved enough to think about giving up on reforming employment insurance?

[*English*]

Ms. Barbara Byers: Absolutely not. The EI system is in desperate need of reform. It's in desperate need of modernization. It excludes thousands of workers because, as we've put in our presentation, they don't have the right number of hours. They may have worked for years, but the system isn't working for them when they're unemployed.

Certainly in terms of even special benefits, I remember dealing with this issue years ago in my previous life in Saskatchewan as the president of the Saskatchewan Federation of Labour. We had a woman who worked for Canada Safeway who had gone on maternity leave. Under the old weeks accumulation, she qualified. A couple of years later, she had her second baby, but was then under the hours accumulation and didn't qualify anymore because she didn't have the required number of hours. It absolutely discriminates against people who don't have full-time, full-year work.

Mr. Sylvain Schetagne: Not only does it not work for those who lose their jobs and don't have access to benefits, but it doesn't work for communities. If you take a look at the ratio of beneficiaries versus unemployed ratio, that 40% we were talking about, it went up to close to 54% or 55% during the middle of the recession. We can compare that to the figures we achieved at the beginning of the 1990s recession. At that time, the BU rate went up to 83%, meaning that a lot more unemployed Canadians were getting cheques and could spend that money in their communities, helping those people keep their jobs.

Today's reality is that the safety net we have in place leaves about one out of two unemployed workers not only without any money to support themselves and their families, but also without any money to help others in their communities keep their jobs. Not only are they in a worse position today as unemployed people, but the communities in which they live are also in worse positions than they were.

[*Translation*]

Mr. Yves Lessard: So we understand that in your view reform is necessary. Another aspect of the debate that has to be considered and that is handed to us is the question of costs. We know that premiums were frozen for a while at \$1.73. In addition, the government limited increases to 15¢ each time, up to \$1.43.

Given that a number of temporary programs instituted last fall are ending in 2011 and 2012, and taking into account the scheduled increases starting in 2012, we think the government may again find itself with a \$19 billion surplus that it can use for other purposes. Do you think that kitty could be used to pay for the costs of an overhaul?

• (1555)

[English]

Ms. Barbara Byers: Yes. We've said all along that we need to have reform. There used to be a process through which we got together once a year with people from the Unemployment Insurance Commission and with the Chief Actuary to talk about what the rates should be—not that we had a lot of influence, because the actuary was directed and was told, “This is what you need to do”.

We said all along in that process that it was too short-sighted, that we were looking a year out, not five years out. If we had taken a look at it at that time, I think somebody with more sense would have said no, you don't drop the premiums, and you actually start to do something with those premiums so they actually benefit unemployed workers.

I think you started out, Monsieur Lessard, by saying that some people believe there are a lot of improved measures for the unemployed. I'd like to see some of the people in this room, and some of the people in Parliament, go through the process of what it is like to try to apply for unemployment benefits. It's not easy, they aren't great benefits, and it doesn't work for workers. It also doesn't last long enough if you do get in.

[Translation]

Mr. Sylvain Schetagne: I would like to add that certainly, in the coming months, there will be a debate about how to raise premiums. There was already an announcement on that point in the last budget.

The present situation is such that we are starting from a precise point in time for assessing the situation in the fund. We are not considering the surpluses accumulated in the past. That raises a big question, because we need to take them into account. Otherwise, we are going to adopt point x as the standard for assessing it, without regard for the fact that billions of dollars were accumulated before that point. We are going to start from point x as our basis and then assess what future premiums will be and what the balance will be.

The equation has to take into consideration the entire economic cycle, to see what the situation in the fund is. It is very clear, and this was being said before the reforms, that the fund has experienced substantial surpluses and the scheme could be improved. The scheme is good for workers who lose their jobs and it is also good for communities because it provides an economic stimulus that supports them. That should also be considered in the debate when we discuss how the scheme will be funded after the major economic crisis we have just experienced.

[English]

The Chair: Thank you very much.

Monsieur Godin, please.

[Translation]

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

The bill refers to 360 hours. The former Bill C-280 talked about maternity leave and parental leave, but this one doesn't.

What is the CLC's recommendation on that point?

[English]

Ms. Barbara Byers: We believe that the 360 hours should apply for all benefits. Is that your question?

We believe that the 360 applies for all benefits, and it shouldn't matter where you live or what you do. It should be 360 hours—real simple. It makes it easy.

[Translation]

Mr. Yvon Godin: Previously, if I recall correctly, you needed 15 hours per week for 10 weeks, or 150 hours. Then the threshold was raised to 910 hours. The argument given by the former Liberal government and the present Conservative government was that young people should have to work a lot of hours to avoid them becoming employment insurance claimants. We shouldn't encourage them not to work. That was the argument, if you recall.

And where do pregnant women fit in all that? Should a woman decide not to get pregnant one night because the government might think she is abusing the system? Recently a young girl called my office. She was three months pregnant. She worked at Jiffy Products in Shippagan, and they had laid a shift off. She had worked 423 hours. She called me in tears and asked me what she was going to do and who was going to hire her now that she was three months pregnant. How can you go to an employer and ask them to hire you for a few months when you are shortly to be on maternity leave before long?

• (1600)

[English]

Ms. Barbara Byers: If your question is, Monsieur Godin, whether we would like to see the access rate lower for pregnancy leave, we would welcome all of those kinds of improvements. But what we've said consistently is that we think the first major step is to get everybody to the 360 hours. Let's be really clear: people don't go on EI because they think it's going to be a party.

Mr. Yvon Godin: But some people think that's what it is, though.

Ms. Barbara Byers: I know. I understand that, but—

Mr. Yvon Godin: You just had to listen to the House of Commons last week and who said who stole what and who did not. That was the previous government. I asked who was there from 2006 to 2010.

The money still belongs to the workers and businesses that put the money in. It should go back to those people who are in hardship, who don't have any work, and have a family.

Ms. Barbara Byers: Absolutely.

Mr. Yvon Godin: We have 1.4 million hungry kids in our country. We can attribute that to the employment insurance and the changes those governments made.

Ms. Barbara Byers: Absolutely, and you have to look at who contributed, by the way, to the surplus that was there. When the government proposed going to every hour being insurable, you'll recall that prior to that you had to work 15 hours a week in order for UI to be paid. We said that every hour should be insurable and that then people who are less than full-time should be able to get some kind of benefit if they face long or short periods of unemployment.

What we didn't count on in supporting going to the new hours way of doing it—instead of the weeks calculation—was that the hours were going to be so high that people couldn't get the benefits. Take a look at who contributed to that surplus: a lot of part-time workers, people who work less than 15 hours a week, some who can't get—
[Translation]

Mr. Yvon Godin: Do you recommend that the government give the royal recommendation?

[English]

Ms. Barbara Byers: The recommendation in terms of the 360 hours...?

Mr. Yvon Godin: Well, the bill—

Ms. Barbara Byers: The bill, yes.

Mr. Yvon Godin: If they don't ask for a royal recommendation, it's not going anywhere.

Ms. Barbara Byers: Absolutely.

Mr. Yvon Godin: It's just not. As the CLC is not just recommending to say please—

Ms. Barbara Byers: No—

Mr. Yvon Godin: So just let it go through. If the members of Parliament express themselves and they want a change in this bill, it should go through.

Ms. Barbara Byers: Absolutely. We say that at the end in terms of the... I think I'm understanding you. We're not saying that in terms of the duration issue we want to hold things up. What we're saying is to get these other two pieces done in terms of the access and the benefit level, and then come back with more, because the unemployed are being crushed out there.

The Chair: You have one more minute, Mr. Godin.

Mr. Yvon Godin: One more minute...?

Did you say the duration should be 50 weeks?

Ms. Barbara Byers: Yes.

[Translation]

Mr. Yvon Godin: It should be 50 weeks?

[English]

Ms. Barbara Byers: Yes.

[Translation]

Mr. Yvon Godin: Like in some countries? Because there are countries where it is 50 weeks.

[English]

Ms. Barbara Byers: And better, according to the statistics that have been presented here. In fact, the United States, which we don't often compare ourselves to, has been so supportive.

[Translation]

Mr. Yvon Godin: Do you think that workers would abuse the system, that they would just want to claim employment insurance rather than working? Do you think, as some governments say, that the employment insurance rules have to be tightened because everybody would prefer to claim employment insurance? Do you think that Canadian workers are as lax and lazy as that?

[English]

Ms. Barbara Byers: No. The reality is that it doesn't matter what social program we've looked at or what workplace or what parliament or legislature or business, there will be always a small proportion of people—very small—who will stretch the rules, if we can put—

Mr. Yvon Godin: And we have that in the rich people, too.

Ms. Barbara Byers: Well, but the vast majority of people do not. I was a social worker for 17 years in Saskatchewan. People don't want to be on welfare. They don't want to be on UI. They end up being on it because of life circumstances that they haven't had control over. I mean, take a look at it.

No, people don't want to be on UI if they can find something else.

The Chair: Thank you very much, Ms. Byers.

We'll go to Mr. Komarnicki now, please.

•(1605)

Mr. Ed Komarnicki (Souris—Moose Mountain, CPC): Thank you, Madam Chair.

There's no question that many would like to see improvements to the employment insurance program, but it is an insurance program, and of course as you increase the benefits, as with any other program, the cost of increasing them has to be taken into account.

Certainly, for example, there's one portion of this bill that talks about eliminating the existing qualification requirement for regular unemployment benefits by replacing the regionally differentiated qualification requirement. I take it you were opposed to that regionally differentiated qualification—

Ms. Barbara Byers: Yes.

Mr. Ed Komarnicki: It would have a cost factor to it. Some have estimated that to be \$1.148 billion; I think that was from the Parliamentary Budget Officer. I know that others have suggested, depending on how that ties into benefits, that it could be \$4 billion per year.

It doesn't allow for the fact that this particular bill says that even though the qualification requirement for regular benefits would be a uniform 360 hours, the number of weeks of benefits would continue to vary with hours of insurable employment and the regional unemployment rate, as specified in a new schedule. Attached is the schedule, which says that everybody qualifies at 360 hours but not everybody gets the same amount of benefits, because they stagger them depending on hours and depending on the region they're in and the unemployment rate there.

So are you opposed to the way the benefits are calculated notwithstanding the 360-hour uniformity in terms of qualification? Also, do you have some idea of what it would cost if you did away with the regionally differentiated unemployment rates?

Ms. Barbara Byers: Before Sylvain deals with some of the technical issues, I just... You've said that this is an insurance program, which I think it's curious. The program has been robbed of \$57 billion, right? So it was not considered an insurance program when it had a whole bunch of money that could be put to use at that time—and could be now—for workers. But now, suddenly, when we're saying, as we have said over the years, that this is what needs to be done and that people are getting crushed out there, people say, "Oh, it's an insurance program, so we have to make it pay for itself".

Well, I have a good way to make it pay for itself: with the \$57 billion that's owed to it.

Mr. Ed Komarnicki: Before we get back to Sylvain, my friend Mr. Godin indicated what happened with our Liberal colleagues, when they used a good portion of that for pet political projects. But we've put in an EI financing board that sets rates based on the general principle that rates and benefits, over time, must equalize. So in that sense, it makes sure that you can't use it for general revenues. It must be used for what it's meant for, and that's employment insurance. We've put a mechanism in place so that doesn't happen again.

Having said that, I'll go back to my question. Do you or do you not disagree with the bill when it tends to use the regionally differentiated unemployment rates and number of hours for the length of benefits? If you're opposed to that, what would the cost be to eliminate this, or have you done any costing on that?

Mr. Sylvain Schetagne: The CLC position has always been to reduce it to 360 hours to qualify, up to 50 weeks. That was our position and is still our position. This bill is improving access in terms of access to benefits by reducing it to 360 hours, but it doesn't provide for increasing it up to 50 weeks.

Now, in terms of costing up to 50 weeks, as I said earlier, in order to estimate how much it would cost, you need to factor in how much of that 50 weeks is going to be used. As we know, in order to do that calculation, you need to know how many have or will have exhausted their benefits, and we don't have that information. We know that not all Canadians will use those 50 weeks. Currently, we estimate the average is about 38 weeks, so if we do calculations based on that, we can come up with an estimate, but we don't have the factors, the information, that is required in order to make that estimate. That's one thing.

The second thing I would like to ask is on mechanisms. You said the system has been set in place so that over time it balances the

account. But when does that start? Is it going to go retroactive to when that system was implemented? Is the \$57 billion—

• (1610)

Mr. Ed Komarnicki: Well, the money has already been spent.

Mr. Sylvain Schetagne: —going to be factored in, in that calculation?

Mr. Ed Komarnicki: The money's already been spent.

I take it, then, that notwithstanding that the bill does make the qualifying period 360 hours, you take objection to the fact that it doesn't extend the benefits in the same way, but you don't know what the cost would be to eliminate that.

The other thing you talked about was raising the benefit rate from 55% to 60%. Again, the cost estimated by the library research team analysts, I believe, was \$1.1 billion. When you add the \$1.1 billion to the billion or so more for the 360 qualifying period, plus some billions more that you haven't costed... If you add all those together, would you agree with me that they would put upward pressure on any premiums that employers and employees would have to pay? Would you agree with that?

Mr. Sylvain Schetagne: No, I wouldn't agree with that. Despite the fact that there are parts of the information missing, when we factor in the level of contributions made over the last 10 years, before the crisis, with the accumulated \$57 billion, we think that over time, with the stimulus it would bring to communities in creating jobs, it would contribute to reducing the unemployment rate and the usage of that system, providing jobs for workers to work at, not to collect unemployment insurance. Then, with that economic stimulus, it would provide good jobs for workers and would rebalance the books automatically.

Mr. Ed Komarnicki: Let me simply say that the reality is that the rates have been frozen so that they don't go up because of the effects of the recession and the effect it has had on the cost to the EI account, and when they're unfrozen, the legislation that is put in place ensures the benefits will generally be equal to the premiums.

If the EI account now is in a deficit position, you would have to agree with me that, if nothing changes, the premium rates would have to go up substantially to allow for what this bill would like to see happen, particularly for the improvements that you'd like to see happen. Wouldn't you agree with that?

Mr. Sylvain Schetagne: I wouldn't agree with that, actually, right now. If you take a look at what was paid into the system since 1996, and even factoring in the fact that we just went through one of the biggest economic recessions, the balance is still positive.

There are still surpluses even when you factor in the current cost of the crisis, considering the huge surplus that came out of this overpayment into the EI system. That's the first factor. If you add that to the current surplus, when you factor in the past accumulated money, we can afford what we're proposing.

The Chair: Thank you very much.

Thanks, Mr. Komarnicki.

We'll begin our second round of questions. This is a five-minute round, beginning with Mr. Savage, please.

Mr. Michael Savage: Thank you, Chair.

The average weekly payout under EI right now is somewhere in the range of \$330 or \$340.

Ms. Barbara Byers: It's \$350.

Mr. Michael Savage: It's \$350 now?

Mr. Sylvain Schetagne: Yes.

Mr. Michael Savage: The maximum is \$440 or something like that, so we're not talking about an awful lot of money here.

I've been watching what's been happening in the United States. They've extended benefit periods in some areas. You're starting to hear some lawmakers making the kinds of comments we've heard on occasion here in Canada: that EI's becoming too lucrative and that you're paying people to stay at home and all that sort of stuff. I think the way that's often said is very offensive to people who are almost never on EI because they want to be, by and large, but because they have to be. They don't go there by choice.

It was suggested last year that if we went to a national standard of hours you would then have people who would want to go on EI, who would go out of their way to do it, which is a ridiculous thing when you take into account the first thing, which is that you have to be fired. You can't quit your job and collect benefits; that's just not the case. So to go on EI, to take advantage of what they would call a liberalization of EI, you would have to wait until you were fired to get a measly amount of benefits for a short period of time.

I want to ask you a tough question. I know that you don't like this question and I may have asked it of you before. If you're looking at employment insurance, there are a number of things you can do.

You can eliminate the two-week waiting period, which is not in this bill, but was in Monsieur Ouellet's bill, I think. Extending benefits is here. Increasing the rate is here. You can base it on the best 12 weeks, which isn't here.

Standardizing nationally, getting rid of the regional rates, eliminating distinctions between new entrants and re-entrants, increasing maximum yearly insurable earnings, and further increasing the amount of money somebody can make from EI without it being clawed back from their EI: there are a number of things we can do.

And there is a balance here between cost and benefit. Without me holding you to this, I'd like to know what the order would be in which you would make these changes if only so much money were available. Notwithstanding the \$57 billion, I understand we're not going to go there—

• (1615)

Ms. Barbara Byers: Yes.

Mr. Michael Savage: How would you prioritize these suggested changes?

Ms. Barbara Byers: I made it clear when we started, and I think we've made it clear every time we've appeared in front of this committee, that the three priorities are access—that's the 360 hours—and the benefit level and the benefit duration, which have to be raised. We want to make sure people can get into the system when they need to, that when they get there, there's at least some semblance of an income for the period of unemployment, and that they have some ability to have that benefit during extended periods of time when they need it again.

Just on the point you raised earlier about how some people say EI is paying people to stay at home, it's only paying people to stay at home if there are no jobs, if there's no place for them to get another job. So again, to go back to some of our positions, this country needs a national industrial employment and training strategy to make sure we're making the best use of people, both during the time they're working and when they're not working.

It would be interesting... If I ever get the time, I'm going to go back and dust off those 28 recommendations, because I'd be willing to bet those recommendations aren't much different from what we need now. But we still go back to the top three: access, benefit level, and benefit duration.

Mr. Michael Savage: Access, benefit level, and benefit duration, so 360, 60, 50. That would be a catchy number on that one.

Ms. Barbara Byers: Those sound like nice round numbers.

The Chair: You have less than a minute.

Mr. Michael Savage: Okay. Where was I going to go with this?

So if those are the changes... The government has come forward with a bill recently, which I think we're all going to support, which is to allow serving members of the Canadian Forces to extend the period for which they are eligible to claim their benefits for maternity parental benefits. But the total cost of that bill is, I think, \$500,000 or \$600,000, and it will affect 60 people per year. It's not a big piece of legislation.

One of the issues is that I assume that will come out of the EI fund. In the budget last year, the government said that the first batch of extra weeks they made available would not come out of the EI fund, but that the changes in the fall would. Do you have any issue with where the money comes from, with whether it should come from consolidated revenue now or whether it should come from the EI fund?

Ms. Barbara Byers: I don't know that this quite answers your question, but getting back to the unemployment rate, there was a time when the unemployment rate was over a certain amount and the government contributed to the fund. Again, there are people who are contributing to EI who cannot get access to the benefits when they need them, and we certainly want to see more people have the access they need, no matter what kind of job they have.

I don't know if that quite answers your question, but...

Mr. Michael Savage: I'm out of time anyway, but thank you very much.

I think it was up until 1990 that the government actually—

Ms. Barbara Byers: Yes.

Mr. Michael Savage: —contributed to the EI fund, as well as employers and employees.

The Chair: Thanks very much.

We'll go to Mr. Vellacott, please.

Mr. Maurice Vellacott (Saskatoon—Wanuskewin, CPC): Thank you, Madam Chair.

Thank you both, Barbara and Sylvain, for being here.

My first question is to Barb. If one of your union members unfortunately lost their job because of the global recession but could re-enter the workforce in a non-unionized job, would you support that?

Ms. Barbara Byers: People want to work. We would rather that more workplaces were unionized, obviously, so that it wouldn't be that kind of choice, but people want to work. We certainly wouldn't say to somebody, "Don't go and get a job because they're not unionized".

• (1620)

Mr. Maurice Vellacott: Right. Okay, good.

Maybe Sylvain has a number on this one here. Can you tell us how much the CLC spends directly to help workers with skills training, job searching, resumé building, and those kinds of activities that help them to return to work or transition into work?

Ms. Barbara Byers: We have a number of action centres that are done through our affiliated unions. Some of them you would know about. For example, the Canadian Auto Workers has a number of action centres. As well, we work very closely with the United Way, so we tend to have shared labour spots with United Way agencies so that people are working in that sort of situation. The CLC is an umbrella organization, so it doesn't do that kind of direct service, but we work with our affiliates on that.

Mr. Maurice Vellacott: I guess what I'm getting at is this. Do you have an idea or does somebody keep numbers in terms of a composite picture—Sylvain maybe—in terms of all the affiliates?

Mr. Sylvain Schetagne: Well, in order to estimate a cost, you'd have to find out how much there is and a lot of it is actually volunteer work. How much would you pay someone who volunteers in order to help brothers and sisters find another job, or where they are involved in their local unions or in the reclassification working group or whatever? So do we calculate that based on what they're getting paid on a regular basis or on what they're worth overall in the

economy? Based on that assumption, it's very difficult to find out how much that's worth.

Mr. Maurice Vellacott: Right. Yes, I gather... I mean, it's commendable that people are helping, volunteering and so on, and assisting brothers and sisters in that, but you don't keep any records. I think it would be a good thing for you to do that—for your own purposes, probably. That is my humble suggestion here. But you have no idea, really. You know it's happening some, but nobody ever keeps tabs or calculates the amount?

Ms. Barbara Byers: I know that our affiliated unions would have that. It's a question that we've never been asked here, certainly, and that's something we could explore. But unions that are actually engaged in the delivery of the service would certainly know that because they would know what kinds of dollars they're putting into it and also what help has been given, as Sylvain says, on a volunteer basis.

Mr. Maurice Vellacott: Could you corral that information and provide that to the committee? I mean, you speak on behalf of these affiliates. I don't have the privilege of having all those groups here, and you speak on their behalf, so to speak. Is there a possibility of at least attempting to correlate and corral that information?

Ms. Barbara Byers: We could see what they might have available.

Mr. Maurice Vellacott: If they have something available...?

Ms. Barbara Byers: That's always a possibility.

Mr. Maurice Vellacott: Yes.

Ms. Barbara Byers: The question would sometimes come, though, from people who would say, "Look, we're busy dealing with the unemployed here, so we can give you that information later". That's a reality: those folks are working on a volunteer basis.

Mr. Maurice Vellacott: Okay.

On my last or concluding question before my time is up here, our government's number one priority, which I would think you would share as well, is getting people back to work. What advice would either or both of you, Barbara and Sylvain, have for the government in terms of what should be done to help Canadians get back into the workforce?

What types of things, what novel and creative approaches, could or should a government be doing? That's a little beyond the nature of the bill here, but walk into it.

Ms. Barbara Byers: We didn't quite come prepared with all of our...

Sylvain is dying to get in on this one.

Mr. Sylvain Schetagne: No, I'm not dying to get in, and I hope I'll survive it.

The first thing, of course, is that in order to find a job you need resources. You need...[*Technical Difficulty—Editor*]...to pay for your phone bill. You need to be able to go to the public library to get access to the Internet to find out what's available. You need to be able to buy the local newspaper.

If you're out of EI benefits, and if you're in a situation where you're not quite eligible for social assistance in your province, what kinds of resources can you put into looking for a job today?

We're really worried about a lot of Canadians right now who are exhausting their benefits. We've been to communities and we've talked to workers through our research projects and our ongoing activities. When we say to them, okay, you're unemployed, and we ask them what happened, they say every time that they were forced to collect EI. That's the first thing. The second thing they do is ask what they are going to do after that, because there are no jobs in their communities.

I was in Miramichi last summer, where the manufacturing base has been destroyed. There were four or five major plants. One of the largest pulp and paper mills is being completely demolished right now. Three thousand jobs have disappeared in that community. People know they're going to run out of benefits. They know there are no jobs in town or in the province. Going to Alberta is no longer the option it used to be.

What are we going to do for them? The extended benefits they're entitled to because of the reforms that have been put in place are going to run out as well. They're not going to have the resources to look for jobs.

One of the things we've been saying about how to rebuild is that we need an industrial policy. How do we create the next jobs? Where do we create them? Can we achieve that? We have ideas. We know what to do.

There are ideas being proposed in that community right now. One is how to use the resources there to restart something, to transform the local resources into energy, for instance. There are proposals on the table, but they're not being examined because there's no industrial strategy.

There are other things that we've proposed, such as procurement policies that would initiate jobs in Canada, and green policies that would create jobs today and provide a better, greener economy in the future.

So there are ideas out there. We just need to move forward and implement them.

•(1625)

The Chair: Thank you very much for your answers. The hour we've allotted for you has expired, so I want to thank you so much for being here and for the information you've provided. I'll just let you know that you're dismissed at this point.

We'll move forward on our other business.

Ms. Barbara Byers: Thank you.

The Chair: Thank you very much.

• _____ (Pause) _____
•

The Chair: We're going to begin, ladies and gentlemen. We have a witness scheduled, but I don't know if he has arrived yet. In the meantime, Madame Folco has something that she would like to bring forward.

Madame Folco.

[*Translation*]

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

The point I want to make relates to the words "handicapé" and "déficience". This doesn't really concern the people who are just reading it in English. However, for those of us reading it in French, I very strongly recommend that in this report and all discussions in committee we use the following terms. We could talk about the barriers faced by "personnes handicapées" or barriers that affect "personnes handicapées" rather than the term "invalidité". That refers to a condition, not a person. A person cannot be "invalide". In fact, a person can be, but it has a completely different meaning in French. I don't want to use the committee's time to discuss this question. It isn't a motion, it's a recommendation concerning terminology. It affects everyone around this table and maybe even the people at the back of the room and it would be a great help to us.

•(1630)

[*English*]

The Chair: Are you suggesting a word that we use in its place?

Ms. Raymonde Folco: In French, I am suggesting we use these words:

[*Translation*]

"personnes handicapées". In other words, we should talk about people who have a handicap rather than people who are "invalide" or have a "déficience". That is something completely different. This wording was proposed to me and it has been checked in dictionaries. So I suggest that we use the term "personnes handicapées".

[*English*]

The Chair: Are there any comments on this from any of the Bloc members?

Mr. Lessard.

[*Translation*]

Mr. Yves Lessard: Madam Chair, we agree with Ms. Folco. It is entirely accurate to talk about people who have a handicap. The word "invalide" often conveys the idea of illness. Most people who have a handicap are not ill; they have a handicap.

[*English*]

The Chair: First of all, thank you very much, Madame Folco, for bringing that forward, because we certainly do want to make sure that the communication in English and *en français* is correct and accurate. Thank you for that.

If it's the will of the committee, if I have a consensus, then I will instruct the clerk and the analyst to make the change to this. Do I have a consensus?

Everyone's in agreement...?

Mr. Ed Komarnicki: *Je pense qu'elle a le droit—*

The Chair: Are you saying...?

Mr. Ed Komarnicki: I think she is right.

Ms. Raymonde Folco: We checked in the dictionary, Mr. Komarnicki.

The Chair: Mr. Lessard, did you have another comment?

[Translation]

Mr. Yves Lessard: It would be worth asking people who draft material for us regularly for their opinion. These concepts are familiar to them. I don't know whether Ms. Collin agrees.

[English]

The Chair: Thank you.

[Translation]

Ms. Chantal Collin (Committee Researcher): The title of the study we will be looking at on Wednesday presents a problem. It refers to "obstacles liés à l'invalidité". These are barriers faced by handicapped people. The term "invalidité" is used only in the Canada Pension Plan.

Mr. Yves Lessard: Thank you.

Ms. Raymonde Folco: The issue is the quality of the French. I would also like to note that for April 28 in our calendar it says "étude de projet de rapport". The word "étude" takes an acute accent and the word "rapport" has a double *p*. I know it's a small thing, but I would really like my language to be respected. Thank you.

[English]

The Chair: That's duly noted. *Merci beaucoup.*

I think our witness has just arrived, so we'll just give him a moment to take his place and then we'll begin.

Hello, Mr. Farrell, and welcome.

Mr. John Farrell (Executive Director, Federally Regulated Employers - Transportation and Communications (FETCO)): Thank you very much.

The Chair: We're happy that you could be here. We take it that there probably was a delay somewhere on your journey, but it actually worked out very well.

Mr. John Farrell: Yes, I'm very sorry.

The Chair: We had a few things that we had to discuss as a committee, so it was perfect timing.

I'll just introduce you, Mr. Farrell.

Mr. John Farrell: Okay. Thank you.

The Chair: For the record, we are continuing our study of Bill C-395. We welcome John Farrell, executive director, Federally Regulated Employers—Transportation and Communications, also known as FETCO.

Mr. Farrell, you'll have 10 minutes to make a presentation, and then we'll begin questions.

Thank you.

•(1635)

Mr. John Farrell: Good afternoon. I have provided the clerk with a copy of my remarks and I had one given to the person who is doing the translation.

I apologize for being late. I had several family issues I had to deal with today.

In any event, I am John Farrell, executive director of Federally Regulated Employers—Transportation and Communications. I thank you for allowing me to appear before the committee.

FETCO is an organization consisting of a number of major employers and employers associations in the federal jurisdiction in the transportation and communications sectors.

A list of FETCO members appears in appendix A of our document, which you don't have, so for the record, the companies that are represented by FETCO include: Air Canada; the BC Maritime Employers Association; Bell Canada; Canada Post Corporation; Canadian Airports Council; Canadian Association of Broadcasters; Canadian Broadcasting Corporation; Canadian National Railway; Canadian Pacific Railway; Canadian Trucking Alliance; FedEx; Maritime Employers Association; Nav Canada; Purolator; Telus; Western Grain Elevator Association; WestJet; and VIA Rail Canada.

FETCO has approximately 586,000 employees, of which 212,000 are union members.

Bill C-395 proposes to extend the qualifying period for employment insurance benefits by the period of time that a labour dispute, either a strike or lockout, is in progress. Currently, the Employment Insurance Act does not permit employees to count this time, which is indefinite, as part of the qualifying period.

Strikes and lockouts are permitted by the labour laws in all jurisdictions in Canada as a means for parties in collective bargaining to exercise economic leverage to achieve their collective bargaining objectives and determine the terms and conditions of employment. When a strike or lockout occurs, one party or the other is not willing to accept the proposed terms and conditions of employment. The strike is considered a fundamental right by unions.

Strikes are far more prevalent than walkouts. According to data I have secured from HRSDC, 83% of work stoppages over the last 15 years have been strikes and 17% were lockouts. Lockouts are seldom used by employers because, fundamentally, employers are interested in continuing to operate their businesses, not shutting them down.

Employees engaged in a strike do so of their own free will. They withdraw their services in order to inflict economic leverage over their employer to accomplish their collective bargaining objectives. Union members have choices. They vote to provide their union with a strike mandate. They vote to reject or accept a company proposal for a settlement. They vote on whether or not to engage in strike activity.

In a strike situation, union members exercise discretion to remove their services and not to engage in gainful employment with a particular employer. While on strike or lockout, employees are usually entitled to receive strike pay, and this strike pay is not taxable. Contributions as employee union dues are tax deductible, and when employees receive strike pay they're not required to pay tax on that strike pay, so in a sense they are receiving tax-free income while they're receiving strike pay.

In some cases, employees are entitled to receive as much as \$400 or \$500 a week in strike pay, which, on a tax-free basis, is quite extensive. This doesn't happen in all cases, but with certain unions that have a habit of subsidizing strike activity from one bargaining unit to another, such as the Communications, Energy and Paperworkers Union, sometimes the strike pay can be as high as \$400 or \$500 per week.

Employees are also free to seek gainful employment with other employers while they're on strike or lockout.

In the case of a lockout, it is clear that the company initiates the action. Usually a lockout occurs because the employer has economic or operating imperatives that must be met for the good of the business, and unions and employees are unwilling to accept the terms and conditions of employment.

In some cases, lockouts are required to counteract disruptive union tactics, such as costly rotating strikes, or threats to the business if a strike is likely to occur at an inopportune time and could cause severe economic harm to the business. In other words, lockouts are generally used by employers in response to potential strike activity as a tactical defence to manage the business in a way that is most appropriate for the company.

• (1640)

Lockouts, like strikes, are also discretionary. There's no doubt about that. Lockouts are part of the process permitted by the labour laws, just as strikes are.

Permitting employees on strike or lockout to extend their entitlement to employment insurance benefits will substantially reduce the incentive for employees to seek a compromise in the case of lengthy strikes.

There are situations covered by the Employment Insurance Act where the current qualifying period may be extended. They include, as you probably know: illness; injury; quarantine; pregnancy; confinement to a prison or jail; and when someone is receiving certain assistance under employment benefits programs or is receiving benefits under provincial law on the basis of having to cease working because continuing to work would result in danger to a person, unborn child, or a child that is breastfeeding.

These situations are not discretionary, unlike the situation with respect to strikes, and it makes sense for the legislature to extend the qualifying period in these non-discretionary circumstances.

Furthermore, employment insurance is a program supported by employers and employees, both union and non-union. Employers pay 58% of the premiums. EI provides benefits to employees who are temporarily unemployed through no fault of their own, not because they are engaged in a labour dispute over the terms and conditions of employment. This is unfair to employers and non-union employees, both of whom are contributing premiums to the employment insurance fund.

It is appropriate for the qualifying period to be 52 weeks and it is appropriate to have reasonable proximity in timing between gainful employment and the receipt of benefits. Striking or locked-out employees are out of the labour market because of a labour dispute, not because they are unemployed and actively seeking employment.

Furthermore, employees on strike or lockout are free to seek alternate employment and are also entitled to receive tax-free strike pay while on strike or lockout.

Extending the qualifying period indefinitely for the period of a strike or lockout is unfair to employers. It is contrary to the long-standing principle that employment insurance should remain neutral when it comes to labour disputes.

Madam Chair, that is the extent of my remarks to the committee.

The Chair: Thank you very much, Mr. Farrell.

We will begin our round of questions for members of the committee. The first round consists of seven minutes for each member.

I'll begin with Madam Minna, please.

Hon. Maria Minna (Beaches—East York, Lib.): Thank you, Madam Chair.

Welcome to our meeting this afternoon.

I just want to check a couple of things. This bill applies only to those people who would lose their jobs after a strike is over; it would not apply to everyone en masse. If for any reason people are laid off after going back to work following a strike, that's when it would apply. I suspect the number laid off probably wouldn't be very large unless the company was shutting down one way or another.

I understand that you say these strikers have a vote, but you and I know what the difficulties of negotiations are. Sometimes it's not a matter of choice; you get to impasses. It's not as if the workers always have a choice. I've seen it on both sides. But can you tell me why you object to their receiving assistance? That's one question. This bill only covers them after they become unemployed.

The other question deals with your point that they can get employment elsewhere. However, that employment would be considered in any case in the EI process, so that if they were to earn a full-time salary, that period wouldn't be counted. It would be considered in the equation and would cancel itself out. It's not an issue for this bill in that sense, I don't think.

I have another question for you, but could you just touch base with me on what your major issue is with people who have actually been on strike and then go back to work but lose their jobs? Then, of course, depending on how long they've been off work, they also lose that period.

• (1645)

Mr. John Farrell: Fundamentally, the issue is that employees are exercising their discretionary right to exercise a strike or lockout. They engage in a strike for a period of time, which is entirely of their own volition. When the strike is over, hopefully many employees will return to work, but it is not always the case.

When a strike ends, we find that in several instances employers have lost customers. They've lost part of their order book. In some very unfortunate cases, employers may end up going out of business. These are consequences of a strike. The parties that engage in strike activity must recognize that this is the case and go into a strike situation with their eyes open.

Fundamentally, if we continue to provide an open-ended arrangement whereby employees are entitled to extend the strike activity for a period of time, and not have any regard whatsoever to whether they'll be entitled to receive employment insurance benefits at the end of the strike, whereas other employees are not entitled to such extensions—that is, non-union employees in particular—then we face a situation where the companies themselves are prejudiced in situations where they're engaging in an unfortunate long work stoppage. They're getting toward the end of the long work stoppage, and there's no counterbalancing incentive for employees to fundamentally end the strike, knowing that as soon as the strike is over, they'll be entitled to full employment insurance benefits—

Hon. Maria Minna: But only if they've lost their jobs.

Mr. John Farrell: Or if they're laid off.

Hon. Maria Minna: Or if they're laid off. Well, that's what I meant. Because it seems to me that you're saying they should be penalized for going on strike, in a way, because by choosing to go on strike or whatever—

Mr. John Farrell: I'm not saying that they should be penalized. I'm saying that they are engaging in a discretionary activity. They are —

Hon. Maria Minna: Which is their right to do, though—

Mr. John Farrell: Yes. It is their right to do so, but they're engaging in an activity where they're not accepting the terms and conditions of employment that have been offered by their employer, and there are consequences.

Hon. Maria Minna: I've had this discussion before with other witnesses.

Go back a little bit and expand a bit more for us and for me on the neutrality issue. You're saying that it would cause an imbalance in the neutrality of negotiations between labour and employers if this measure were to go through. How would that actually happen?

Mr. John Farrell: The provision of unemployment insurance benefits has traditionally been treated as a neutral arrangement where employers are not prejudiced nor will employees gain in a labour dispute. If we extend the qualifying period for the full period of a labour dispute, then we're providing extra benefits to employees who are engaging in a discretionary activity, a strike.

That activity is designed to exert economic pressure on the employer to cause the employer to otherwise settle for an amount that is normally higher, in terms of compensation or operating conditions, than they feel they can afford to pay. Therefore, the extension goes beyond the neutral treatment of employment insurance provisions.

Hon. Maria Minna: I'm trying to picture clearly people who are... Because not everybody gets a good amount of money when they're on strike. The amounts you mentioned earlier are probably on the high end. Not everyone gets that kind of strike pay. I don't see the benefit in anyone on strike wanting to continue the strike just in case they get fired, that they don't lose... I'm having a hard time understanding that mentality, that the larger group would not support negotiations or an arrangement or an agreement if it was acceptable overall because they have the ability—some of them anyway, who may not get their jobs back—to be able to then cover. I don't see how

that necessarily would be the deciding factor in maintaining the neutrality.

● (1650)

Mr. John Farrell: It is 100% a deciding factor? No, it may not be, but it does influence the decision-making of the person who is on strike and considering what the consequences are of prosecuting a lengthy strike.

Hon. Maria Minna: In your view—

The Chair: I'm sorry, Madam Minna. Your time is up.

Thank you, Mr. Farrell.

We'll go to Madame Beaudin, please.

[Translation]

Mrs. Josée Beaudin (Saint-Lambert, BQ): Thank you, Madam Chair.

Good afternoon, Mr. Farrell.

I want to be sure I understand what you said correctly, particularly given the translation. You say an employer locks employees out when unions engage in disruptive tactics, but in the case of a strike, it's the employees' desire to call a strike. Have I understood correctly?

[English]

Mr. John Farrell: Not entirely. The decision to go on strike is a discretionary decision that is made by the employees and their unions together, and they have various processes to do that.

With respect to the decision to lock out employees in a labour dispute, it is a discretionary activity that is the responsibility and the call of the company. It is at their discretion that they would engage in a lockout, but—

[Translation]

Mrs. Josée Beaudin: Right. I don't want to go into the description of the two things any further, but it seemed odd to me to think that employees go on strike without good reason, for example. I think that employees do have good reason to go on strike to exercise their rights.

You know that Bill C-395 aims to do one very simple thing: make it possible for workers who lose their job because they are laid off after a labour dispute to receive the employment insurance benefits that they are entitled to and that they have paid into their whole lives. That is essentially what Bill C-395 is.

Do you not think it is unfair that workers are deprived of insurance they are entitled to and to which they have contributed for 25 years of their lives, because they are laid off after a labour dispute? Do you not think that is unfair?

[English]

Mr. John Farrell: No, frankly, I don't, because they exercise their discretion to engage in a labour dispute, and this bill is proposing to extend the qualifying period for employees who are exercising their discretion. In my view, the exercise of this discretion is up to them, and in my view, exercising that discretion can have a detrimental effect on the length of the strike and on employers.

[Translation]

Mrs. Josée Beaudin: Right, thank you.

The issue is extending the qualifying period, not the benefits. Earlier, you said there were around 83% strikes and 17% lockouts. Are there a lot of these situations that ended in a layoff or that became labour disputes where there were layoffs and plant closings?

[English]

Mr. John Farrell: Yes. An unfortunate consequence of a labour dispute can be layoffs and, in extreme cases, closures of operations.

[Translation]

Mrs. Josée Beaudin: You know, in Quebec, in a one-industry town like Lebel-sur-Quévillon, and we heard witnesses on that subject here last week, as is often the case, the employees never wanted to stay out on strike and did not want it to continue, because they lose their jobs. First, they lose their incomes. Often, there are no other industries there to hire them. Their houses lose value, and often they even have to move. So in that situation, no one who had paid in to employment insurance for 25 years who is affected by a labour dispute and then a layoff wants to live in that situation. No one wants that. It is not true that we are going to create incentives.

Everyone gains self-worth and achievement through work. We have to believe in that too. Everyone has a family to feed. So I don't see where you are seeing incentives in those cases.

• (1655)

[English]

Mr. John Farrell: Well, I appreciate that you've brought up the situation at Lebel-sur-Quévillon, because I have a fair amount of information on and knowledge of that dispute. As part of my working career, as a matter of fact, since 1984 I've had responsibility for coordinating collective bargaining activities in the pulp and paper industry in eastern Canada, that is, from the Manitoba border through to Newfoundland.

So I have had an opportunity to follow labour disputes, including, since it started in 2005, the dispute at Lebel-sur-Quévillon. I also know that this mill has a long history of having several long-standing strikes and labour disputes. It's not a new thing. As a matter of fact, I would say that the employees, the local union in Quévillon, were somewhat militant.

I also happen to know that the pulp and paper industry in particular, as you probably know, particularly if you're from Quebec or Ontario or the Maritimes or, I guess, anywhere in Canada, is an industry that's suffering tremendously. Any industry that is making commodities for which the demand has been reduced by 25%, for example, is in big trouble.

In Quévillon, the fact is that the company did not lock out the employees. The company closed the operation because of the economic circumstances of that mill. They had issues associated with the high cost of fibre, diminishing markets, the high cost of energy, and the high cost of taxes in the community relative to the operation.

[Translation]

Mrs. Josée Beaudin: Yes, yes.

[English]

Mr. John Farrell: In addition to that, they had high labour costs for that mill, which—

[Translation]

Mrs. Josée Beaudin: I'm sorry, but I have very little time. We heard about this situation last week.

I have a mini-question. Do you think that enacting a bill like this would change the balance of power between employers and employees?

[English]

Mr. John Farrell: I think that adopting a bill like this will advantage the unions and disadvantage companies.

The Chair: Thank you very much.

We'll go to Monsieur Godin.

[Translation]

Mr. Yvon Godin: Thank you, Madam Chair.

I have to tell you that I don't agree with you. You may have experience in terms of labour, but if you have checked, you will have noticed that I do too. I have never yet, in a collective bargaining situation, whether or not there is a strike, seen an employer announce in advance that it is ready to sign a contract, but is laying off 25% of the employees.

Ordinarily it is after the collective agreement is signed that people are not called back to work. Then it's a big surprise.

Do you not agree with me?

[English]

Mr. John Farrell: I'm not sure that I understand the question.

Mr. Yvon Godin: Well, I'll try it in English.

Mr. John Farrell: Okay.

Mr. Yvon Godin: In the 35 collective agreements that I've negotiated myself, I have personally never seen, after a strike or a lockout, that when you're ready to have a contract signed, the employer tells the union, "We're signing this contract, so you vote on it, and after you come back, 25% will not come back to work". Normally, it's after you come back that you get the big surprise that people are not getting called back.

Mr. John Farrell: So you're talking about the details of the collective bargaining issues that were associated with the Domtar strike? Is that what you're—

[Translation]

Mr. Yvon Godin: No, it's in general.

You're saying, Mr. Farrell, that the union is essentially going to have more bargaining power, because after the contract is signed, after a strike, people will be able to claim employment insurance. The only time where the employees can claim employment insurance is when the employer does not call them back to work.

These employees are employed by employers. So what is the answer? Send them to social assistance? We are telling families that they don't have the right to live and they should not look for work?

•(1700)

[English]

Mr. John Farrell: I just am having difficulty understanding the question. I'm sorry.

Mr. Yvon Godin: That's why I want the Supreme Court to be bilingual.

Mr. John Farrell: Well, unfortunately, I'm not, but I highly respect people who are.

[Translation]

Mr. Yvon Godin: I'm saying that in a collective bargaining situation, it is not the usual thing that when the time comes to sign it, the employees are informed in advance that they will be losing their jobs. Do you want those people to become social assistance recipients?

[English]

Do you think they should go on welfare?

Mr. John Farrell: In the case of Lebel-sur-Quévillon, as I understand the situation, the number of employees operating in that mill was higher relative to other organizations. An issue in the collective bargaining was the number of employees who would be employed in that operation. Is that what you're referring to?

Mr. Yvon Godin: Were they on strike?

Mr. John Farrell: The employees at Lebel-sur-Quévillon were laid off by the company.

Mr. Yvon Godin: Okay, and normally they go on unemployment insurance.

Mr. John Farrell: Yes, and in fact—

Mr. Yvon Godin: We're not talking about them. We're talking about if you have a strike and the strike lasts 50 weeks. Then, after that, you get the collective agreement and the people return to work, and if the company doesn't bring everybody back, they'll have an extension to be able to qualify for EI because they're not on strike pay anymore. Strike pay is over.

Mr. John Farrell: That's right.

Mr. Yvon Godin: They're not getting any strike pay, so as I said, where do you want them to go—on welfare?

Mr. John Farrell: If they're not entitled to employment insurance, then they would have to resort to—

Mr. Yvon Godin: Wouldn't it be better—

Mr. John Farrell: —alternate employment.

Mr. Yvon Godin: —to be on EI and looking for a job? Or do you want to punish them and take the last drop of blood from them?

Mr. John Farrell: No, sir. I wouldn't want to punish anyone, and employers don't want to punish anyone either.

[Translation]

Mr. Yvon Godin: And yet that is what you are saying. You're saying that if we change the law, we are favouring the union. The union gets nothing out of it. It has bargained a collective agreement, that's the law. The workers have the right to go on strike.

In the case we are talking about, the employer chose not to reinstate everyone and there were layoffs. That's your right.

[English]

Mr. John Farrell: Yes, that is a layoff—

[Translation]

Mr. Yvon Godin: Employment insurance makes it possible for people to look for a job. A person receives an income that allows them to support their family while they are looking for a new job. Do you want to prevent these people from looking for work because the company you represent does not offer to have them come back to work?

[English]

Mr. John Farrell: No, I'm not preventing them from looking for work.

Mr. Yvon Godin: Okay, then you agree with the bill that is in front of us here.

Mr. John Farrell: I don't think I do. I've said in my presentation that I didn't.

[Translation]

Mr. Yvon Godin: You're saying that you are not opposed to employees receiving employment insurance benefits while they are looking for a new job. We are talking about families. One of the fundamental rights of workers in this country is to go on strike. On the other side, you have the right to lock employees out. There are more strikes than lockouts solely because when a collective agreement is being bargained, the employer can decide to honour the contract and wait a year or two without making any changes. That is the only reason.

However, if they went to look for something at the outset or they didn't give you anything, you would have recourse to lockouts more often, maybe.

[English]

Mr. John Farrell: I think that's fundamentally a statement that my friend is making—not necessarily asking a question—

The Chair: All right. We'll—

Mr. Yvon Godin: And...[Inaudible—Editor]...your friend.

Mr. John Farrell: What's that?

The Chair: Mr. Godin, you have 30 seconds. Are you finished? Is that everything?

[Translation]

Mr. Yvon Godin: Do I have any time left?

[English]

The Chair: Yes, 20 seconds.

An hon. member: Catch your breath.

Mr. Yvon Godin: I'm bothering the Conservatives right now. They want me to catch my breath so that I won't speak anymore, because they're probably going to vote against it.

The Chair: Thank you, Mr. Godin.

We'll go to Mr. Komarnicki, please.

Mr. Ed Komarnicki: Thank you, Madam Chair.

When you started, you talked initially about bills needing to be neutral because there are two sides to a labour dispute, and normally when you're dealing with unemployment or employment insurance, there are causes that are essentially external to the parties. But in this case, you have an employer and employee who each have a vested interest.

Certainly, each—the employer and employee—pays into EI, and the employer more so, at 1.4% or whatever, so when you have a bill such as this one...and what's peculiar about is that it wants to make this effective as of January 1, 2008, to sort of go to it retroactively. The reasonable assumption would be that if you go retroactively it's going to expend benefits that didn't exist and therefore will be a charge on the EI account, for which employers and employees would be responsible.

The way I would see it is that, before this legislation, there were certain employees who would not be entitled to the benefit, and therefore there wouldn't be a charge on the EI account for which the employer and the employee would have to pay. After this bill, there would be an additional charge to the EI account, for which both would have to pay their relative proportions. To that extent, it would force both sides to the dispute to pay in, when only one side benefits, and therefore would impinge on the neutrality that should be taken in labour disputes. Would you agree with me on that? Is that what you find objectionable?

• (1705)

Mr. John Farrell: On the issue of the extent to which this creates additional costs for the government, that will happen, and I don't really have a fix on the extent to which that would happen. But I do know that we have certain qualifying arrangements today that apply to all employees who are employed, and employers are paying premiums to the EI fund at the rate of 58% of the total fund.

If the rules are changing to permit greater usage of these benefits by extending the qualifying period for certain groups of employees, then certain groups of employees will benefit to a larger extent than others who may not be unionized, for example.

Mr. Ed Komarnicki: The fact of the matter is that in the legislation as proposed, the rates that are charged to employers and employees are meant to equal the benefits generally over time. The moneys don't come out of general revenues; they come out of an EI account. It is a type of insurance. That's how it works.

When you look at this particular bill, you see that it would add benefits and therefore add a charge to the EI account. We had someone appearing on a previous bill, where the intention was to shorten the qualifying period and increase the amount and duration of benefits. All of this is fine and good, I suppose, excepting that ultimately somebody has to pay. It ends up being the employer and the employee, in a labour dispute that has some particular significance, while in others, it's just a question of what employers and employees are prepared to pay and for what.

I'm wondering about your membership and if you have done any surveys of your membership or polled any of them to see what their appetite would be for EI premiums going up, what their appetite would be for increasing the benefits—employers and employees alike. I meant to ask about this when we had a member from the Canadian Labour Congress here, because it's fine for them to say

they want all these additional benefits, but ultimately there will be employees who have to pay and there will be employers who have to pay, because it is an insurance program. It doesn't just happen. There are pluses and minuses to it.

What are the views of employers and employees, to the extent that you know them? Are there certain benefits that are more amenable to the membership than others? Maybe you can tackle that area.

Mr. John Farrell: First of all, the point of view of employers will vary depending on the industry they're in, their company situation, the markets they're operating in, and the general state of the economy. Obviously the current economy that we're in has not been robust. We're coming out of a very serious recession. In many cases, employers are doing the very best they can to stay on top of their cost structure.

Ten years ago, who would have thought that AbitibiBowater, for example, would be a company that is on the cusp of bankruptcy? Who would have thought that General Motors and Chrysler would be on the cusp of bankruptcy? Who would have thought that Air Canada, which operates in an oligopoly, in a way—they have a great deal of control over the market in Canada—would be unable to compete, to make ends meet, and to meet their pension obligations?

All of these issues are important to employers. Every single cost that an employer is facing, particularly in the current economy, has to be reckoned with. Any costs that are lobbed on top of companies by governments are not welcome in the current economy. When we were operating in a robust economy, people were making money in spite of themselves, and the Canadian dollar was trading at 60¢, there was an appetite for spending, and there was less concern about what governments might be doing. But in the current environment, all employers are extremely concerned about any costs.

Mr. Komarnicki, I can't comment exactly on the exact point of view of how employers would view this employment insurance, but I can tell you that it's just like any other cost they would be facing. They don't have any appetite for it at this point. If our economy returns and becomes robust, then there may be opportunities to increase our costs in certain areas.

• (1710)

The Chair: That's all your time.

Thank you, Mr. Farrell.

We have time for a second round of five minutes each.

I understand that you don't have further questions...?

Then we'll go to Mr. Lobb, please.

Mr. Ben Lobb (Huron—Bruce, CPC): Thank you, Mr. Farrell.

Would you happen to know, from your experience, what the longest current labour dispute is in Canada at this time? Roughly?

Mr. John Farrell: The longest current labour dispute in Canada at this time? I don't know. Perhaps you do.

Mr. Ben Lobb: No, I'm asking you.

Mr. John Farrell: Oh, okay.

Mr. Ben Lobb: In the last decade, do you know how long the longest labour dispute might be?

Mr. John Farrell: I can talk about the pulp and paper industry because I know the pulp and paper industry quite intimately. That is the industry I worked in prior to taking on this role at FETCO.

In the pulp and paper industry, there is a company called Stora Enso in Port Hawkesbury, Nova Scotia, which had a very lengthy strike in 2005. It lasted approximately nine months. They returned to work for a period of time, and then the mill shut down after the strike was over so the employees and the company could work out an arrangement to improve the cost structure of the mill, which they managed to do.

In that situation, while the employees were not working following the strike, they were entitled to employment insurance benefits because they were in fact laid off by the company and were not engaged in the strike. During that period, the employees and the union found a way to improve the collective agreement, fundamentally for the employer, because the employer was looking to reduce their cost structure. But they found middle ground and they were able to resolve their differences quite handily.

As for other long strikes, J.D. Irving, the Irving companies in eastern Canada, had some long strikes in the various industries that they were engaged in. The purpose of those strikes was around trying to find ways to be more productive and manage their cost base.

Mr. Ben Lobb: Further to whether we call it fairness or neutrality between the employer and the employee when we talk about employment insurance, I think it's pretty fair to say that after a lengthy work stoppage, whether it's in manufacturing, pulp and paper, foundries, mills, or what have you, either major capital improvements are going to have to be done to a facility to keep up with the changes in how the world works in business, or major repairs and maintenance work will be needed to get cylinders, valves, and everything working again.

It's pretty safe to say that the way this bill is written will guarantee that somebody who strikes will be paid employment insurance at some point in time. It seems to me that the risk is being shifted to the employer quite a bit and that no risk is being shifted to the employee. Is that how you would read this?

• (1715)

Mr. John Farrell: Yes, I would say that this bill does shift some of the risk to the employer.

The Chair: Is that all, Mr. Lobb?

We'll go to Mr. Lessard, please.

[*Translation*]

Mr. Yves Lessard: Mr. Farrell, you tell us that you are familiar with the situation in Lebel-sur-Quévillon. You may be able to shed a little light on this for me. You say there was no lockout in Lebel-sur-Quévillon. Well I have been there. It started with a strike, and then the employer said, almost at the beginning of the strike, that it would not be reopening. It closed down.

The employees went to the employment insurance office to claim benefits. The employment insurance office investigated because the

employer was opposed to them receiving employment insurance benefits. The Quebec ministère du Travail investigated and decided that it was a lockout. The reason why the employees did not get employment insurance benefits from the outset was because it was a lockout. The employer dragged the lockout out for three years.

Did you know that? If you knew it, why did you say something else?

[*English*]

Mr. John Farrell: I can read a statement, a press release, that was issued by the company on November 25, 2005, by the chief executive—

[*Translation*]

Mr. Yves Lessard: You're talking about November 2005. I am stopping you because I have only five minutes. That was what the employer claimed in November 2005. I'm talking about the reality of the workers' situation now, in terms of this lockout situation.

Is it or is it not correct to say that it was a lockout for three years? First, did you know that?

[*English*]

Mr. John Farrell: No, as far as—

[*Translation*]

Mr. Yves Lessard: You didn't know that?

[*English*]

Mr. John Farrell: May I answer?

As far as I know.

[*Translation*]

Mr. Yves Lessard: You didn't know. A little earlier, you said it was not a lockout, but I will give you the benefit of the doubt. Because I need to understand, let's get back to the reasoning.

[*English*]

Mr. John Farrell: Please, sir, don't put words in my mouth. I'm happy to answer a question, but...

To my knowledge, Domtar, in 2005, closed the operation in Lebel...laid off the employees in Lebel-sur-Quévillon because of the economic conditions. At the time, the press release that was issued by the company said: "Domtar is taking measures to mitigate the negative impacts of a combination of economic factors: downward pressure on prices, growing fiber supply costs, rising energy and transportation costs—

[*Translation*]

Mr. Yves Lessard: You said that already, Mr. Farrell, forgive me for stopping you.

The question is whether or not it was a lockout. If we accept the decision by the Quebec ministère du Travail and the employment insurance authorities, it was a lockout. That is why they did not get benefits.

Now I do want to understand your reasoning, because we will also have to take your opinion into account in examining this bill. You are telling us that after 52 weeks, they should not be entitled to unemployment, but before 52 weeks, can they be entitled?

[English]

Mr. John Farrell: Before 52 weeks, the current provisions permit the entitlement to employment insurance benefits.

[Translation]

Mr. Yves Lessard: But you don't want it to be extended, for the reasons you gave earlier. I don't want to put words in your mouth that you didn't say, but from what I understood, your opinion is that if it goes beyond 52 weeks, the employees will have to suffer the consequences of their decision. Is that correct?

• (1720)

[English]

Mr. John Farrell: Fundamentally, yes.

[Translation]

Mr. Yves Lessard: I have no other questions.

[English]

The Chair: Mr. Casson, please.

Oh, is Mr. Komarnicki next?

Mr. Ed Komarnicki: Yes.

The Chair: All right.

Mr. Ed Komarnicki: Thank you.

Outside of the issue that this particular bill wants to make it retroactive to 2008 to cover a specific situation, which I think is always a questionable thing to do when you're dealing with laws that will be of general application, the central point to all of this is that in a labour dispute you have two sides, and one should be neutral in that. Because each party has some decision-making powers as to whether a strike happens or doesn't, and whether it continues or doesn't, it's within their power.

In fact, as I recall it, Mr. Sims, in the Sims report, heard all of the stakeholders, all of the employers, employees, and third parties who might have been affected, and came up with some suggestions for what ultimately became the Canada Labour Code, which tries to balance the rights in a fairly delicate fashion. It takes all kinds of things into account. And we've come up with what we now know as the Canada Labour Code. Beyond that, one tries not to involve oneself in a dispute.

Now, would you say, from what you see in the Canada Labour Code, that there was this balancing situation between employee and employer and that one should not cherry-pick, adding or subtracting one thing from it, without looking at the big picture?

Mr. John Farrell: I think that's a fair comment. I think that, in a labour relations sense, stability is quite important. The ability of employers in the federal jurisdiction to work with the Canadian Labour Congress to hammer out the way the Canada Labour Code operates or the way in which employment standards would operate is a very important arrangement or relationship that should go into the thinking of any labour laws.

My view is that if any labour laws swing from one direction to the next, whether it be in favour of unions or of employers, the swinging of the pendulum is what creates distress in labour relations. We should avoid at all costs having politicians pick little things that

happen to be of particular interest to them, because it affects only a small portion of the general population. That causes a swing in labour relations that is not healthy for employers—

Mr. Ed Komarnicki: Now, the other aspect—

Mr. John Farrell: —or unions.

Mr. Ed Komarnicki: You're involved with federally regulated companies and, of course, the Canada Labour Code relates to federal enterprises or companies. In terms of the successes of labour—both employer and employee at the federal level—from what I have seen among fairly large employers and large unions, there has been a fairly remarkable amount of success in negotiating appropriate agreements. Do you know what percentage are settled without strikes or lockouts on a national basis?

Mr. John Farrell: Fundamentally, very few labour disputes end up in strikes or lockouts. Let's put it this way: I think that the record in Canada has been getting better and better over the last 10 years. For the most part, in all jurisdictions, employers, employees, and unions are finding better solutions to problems.

A big factor influencing the ability of labour and management to work together effectively is low inflation. When you're in a low inflationary environment, you don't get the same kind of pressures on wage and benefits negotiations that you might in an economy in which inflation is quite high. That goes a long way to improving the relationship, and I think it has had a lot to do with the lessening of the number of labour disputes that we've had in Canada over the last number of years—as contrasted with the seventies and the eighties, for example.

• (1725)

Mr. Ed Komarnicki: Thank you, Madam Chair.

Those are all the questions that I have.

The Chair: We have about three minutes left.

The Liberals are next on the list. Are there any further questions?

Hon. Maria Minna: I have a very quick one, if I may.

The Chair: You probably just have time for that.

Hon. Maria Minna: I want to go back to Mr. Farrell, because this area interests me. The neutrality issue we were talking about interests me.

Vale Inco has been on strike for 10 months now in Sudbury, as you know. This is under the current provisions. It doesn't seem to be impacting or worrying the strikers in regard to how long they're on strike. It seems that more fundamental issues are on their minds rather than whether they have that benefit or not.

I'm still not sold 100%. I'm trying to work out this neutrality thing. Could you give me more specifics about why you think that would be an issue? I've seen longer strikes in Toronto with the garbage strike. These things don't seem to keep the strikes short. There doesn't seem to be an impact there.

Mr. John Farrell: The current employment insurance provisions have a qualifying period of 52 weeks. The way it is set up, you have to be gainfully employed during those 52 weeks and making contributions to the fund.

If you're able to engage in a labour dispute and extend your entitlement for a long period of time, based on what may have happened two or three years ago in terms of your last employment and your last contribution to the EI fund as an employee, then you're going to be in a position where you're gaining an advantage if you're receiving benefits after a long period of time.

The Chair: Thank you very much.

Thanks, Mr. Farrell, for being with us. We appreciate the information you've provided.

Mr. John Farrell: Thank you.

The Chair: The meeting is adjourned.

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