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

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**Thursday, November 4, 2004**

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**Chair**

**Mr. Rodger Cuzner**

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Thursday, November 4, 2004

• (1115)

[English]

**The Clerk of the Committee (Ms. Danielle Bélisle):** The first order of business is to elect a chair. I do see a quorum to that effect.

Actually, the main committee, when they gave you the mandate, asked that the subcommittee be chaired by a Liberal member and that it be composed of five members or associate members, one from the government and one from each other party.

So do I have a motion for a Liberal member to chair?

**Mr. Peter Van Loan (York—Simcoe, CPC):** I'd like to nominate Mr. Cuzner.

**The Clerk:** It's proposed by Mr. Van Loan that Mr. Cuzner be chair of this committee.

Do I have any other motions to that effect? No?

(Motion agreed to)

**The Clerk:** Mr. Cuzner, you're duly elected chair and I welcome you.

**The Chair (Mr. Rodger Cuzner (Cape Breton—Canso, Lib.)):** Thank you, Mr. Van Loan, for your nomination, and to all those who took lawn signs and aided me in this great victory.

We're in a position where we can really make use of this day, because we have witnesses we'd like to call forward now, if they'd like to come and take their place.

Colleagues, subject to the terms of reference put forward by the Standing Committee on Human Resources, Skills Development, Social Development, and the Status of Persons with Disabilities on October 21, 2004, the subcommittee will hear testimony now.

We have the Auditor General, Sheila Fraser—and perhaps you could identify who is with you.

As well, we have Louis Lévesque, Associate Deputy Minister from the Department of Finance; and Andrew Treusch, Assistant Deputy Minister, Strategic Policy and Planning, from the Department of Human Resources and Skills Development.

I would ask all three witnesses to keep their testimony to about five minutes, and then we'll open the floor for questions.

Madam Fraser.

**Ms. Sheila Fraser (Auditor General of Canada, Office of the Auditor General of Canada):** Thank you, Mr. Chair.

We thank you for inviting us to appear before you today to discuss the employment insurance account.

With me are Nancy Cheng and Jean-Pierre Plouffe, who are the assistant auditor general and the principal responsible for the audit of the employment insurance account.

The Employment Insurance Act requires that an account be established in the accounts of Canada for recording the employment insurance revenues and expenses, and the accumulated surplus is simply the addition of all the deficits or surpluses that have occurred year after year since the creation of the account.

There have been many discussions about what the balance in the EI account represents, and we have used terms like “notional account” and “tracking account” to describe the balance, as it does not represent funds held in a separate bank account.

[Translation]

There is also the matter of consolidation. Since 1986, the activities of the EI Account have been included in the accounts of the government—as accountants would say, consolidated with the government's general accounts.

In our view, this is the correct method of accounting, and it complies with accounting standards for government as promulgated by the Canadian Institute of Chartered Accountants. Employment insurance is considered to be a government program: government determines the rate of premiums, eligibility criteria and benefits. The program should therefore be included in the summary financial statements of the Government of Canada.

It should be noted that the balance in the EI Account is presented separately in the accumulated deficit as disclosed in note 4 of the government's 2003-2004 summary financial statements.

In my report on the 2003-2004 Public Accounts of Canada, I have identified a concern for Parliament's attention regarding the continued increase in the accumulated surplus in the EI Account. During the year, it grew by another \$2 billion, and stood at \$46 billion at March 31, 2004.

As an appendix to the opening statement, I have provided members with the details of the increase in this surplus over the last 10 years.

• (1120)

[English]

The current surplus of \$46 billion exceeds by three times the maximum reserve that the chief actuary of Human Resources Development Canada considered sufficient in 2001, and in my view, Parliament did not intend for the EI account to accumulate a surplus beyond what could reasonably be spent on the EI program. Thus, I have concluded that the government has not observed the intent of the Employment Insurance Act.

In the 2003 budget, the government indicated its intention to implement a new rate-setting regime through legislation for 2005, and in the 2004 budget legislation, the government gave the governor in council authority to set the premium rate for 2005 in the event that legislation was not passed in time. In the 2003 and 2004 budgets, the government described the principles for its new process for setting premium rates. The 2004 rate was set according to principles noted in the budgets, in particular that the rate would generate premium revenue equal to projected program costs. It should be noted that the notional interest revenue that is credited to the account was not taken into account when setting the premium rate.

[Translation]

The principles stated may help ensure that the surplus does not grow significantly once a new rate-setting process is in place. However, they do not address the \$46 billion surplus that has been accumulated.

I am happy to be here today to assist the subcommittee, and I welcome any questions that it may have. Thank you.

**The Chair:** Thank you very much, Ms. Fraser.

Mr. Lévesque.

**Mr. Louis Lévesque (Associate Deputy Minister, Department of Finance):** Mr. Chairman, members, thank you for extending the invitation for me to meet with you today as you begin your work toward developing recommendations regarding a new rate-setting mechanism pursuant to the Speech from the Throne amendment related to the Employment Insurance (EI) program.

With me today is Barbara Anderson, Acting Assistant Deputy Minister, Federal-Provincial Relations and Social Policy Branch, along with Réal Bouchard, Director of the Social Policy Division. They will be able to contribute to the discussion. Also with me is Peter DeVries, Director, Fiscal Policy Division, Economic and Fiscal Policy Branch. He has been concerned with fiscal issues at the department for a long time.

I would like to take this opportunity to talk about how rates have been set since 1996 and then update you on steps that have been taken in the development of a new rate-setting mechanism.

[English]

Between 1996 and 2001 the EI Act required that the EI Commission set the premium rate for each year at a level that the

commission considered would, to the extent possible, ensure that there would be enough revenue over a business cycle to pay the amounts authorized to be charged to the EI account, and at the same time maintain relatively stable rates throughout the business cycle.

The decision of the commission resulted in a continued lowering of rates. The rates set by the commission for 2001 was the seventh consecutive annual reduction in premiums, bringing the employee rate down by 82¢ from \$3.07 per \$100 of insurable earnings in 1994 to \$2.25 in 2001, with corresponding declines in the employee rate.

As you know, Mr. Chair, the government suspended section 66 of the EI Act, hence the role of the commission in setting the rates for 2002-03, through Bill C-2, and provided the authority for the governor in council to set rates on the recommendation of the Minister of Finance and the Minister of Human Resources Development. In November 2001 the government announced that the rate for 2002 would be \$2.20, 5¢ lower than the rate for 2001. For 2003 the rate was set at \$2.10.

This brings us to budget 2003, in which the government set, through budget legislation, an employee premium rate for 2004 at \$1.98. Again, a 12¢ reduction that combined with reductions since 1994 have saved employers and employees about \$9.5 billion annually in 2004, compared to the rate of \$3.07 in 1994.

Based on the private sector forecast of the economy used for the budget in 2003, \$1.98 was the rate estimated to generate premium revenues equal to the projected program costs for 2004, i.e., the break-even rate on a flow basis for that year.

Budget 2003 also announced the launch of public consultations on a new rate-setting mechanism for 2005 and beyond. The new regime would be based on five principles, which I will turn to in a moment. In the 2004 budget government reiterated its commitment to introduce legislation to implement a new rate-setting mechanism that would be consistent with the principles above, taking into account the views that were expressed during consultations that happened after the 2003 budget.

However, again to ensure the risk that such legislation may not be passed in time for 2005, budget legislation provided the governor in council with the authority to set the rate for 2005. In doing so, the budget stated that the rate would be set in a manner consistent with the principle to underlie the new rate-setting mechanism.

The EI premium rate for 2005, which is effective January 1 of next year, would typically be established by the end of November to give adequate notice to the Canada Revenue Agency and to employers to implement payroll deduction changes as of January 1.

•(1125)

[Translation]

I now come to the rate-setting principles and consultations that have been held on the subject. The budget listed the following rate-setting principles, which were largely based on the pre-budget recommendations of the 1999 report of the Standing Committee on Finance, which would form the basis for the consultations and the approach the government would take to creating a new rate-setting mechanism.

First, rates should be set transparently. Premium rates should be set on the basis of independent expert advice. Expected premium revenues should correspond to expected program costs. Premium rate-setting should mitigate the impact on the business cycle. Lastly, premium rates should be relatively stable over time.

In the spring and summer of 2003, senior officials from the Department of Finance and Human Resources and Skills Development Canada held a series of meetings with representatives of business and labour and experts in the field on the subject of employment insurance rate-setting. The EI commissioners were also consulted.

A number of written and electronic submissions from interested parties were also received. Where permission was given, those submissions were posted on the Finance Web site.

In addition, summaries of the results of the consultations have also been posted on the Finance Web site. Now that this committee has been formed to move this question forward, I am sure these documents will be available. We think they will be of use to you. I have brought a number of copies with me.

I would be pleased to answer any questions you may have. Thank you.

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

Mr. Treusch.

[English]

**Mr. Andrew Treusch (Assistant Deputy Minister, Strategic Policy and Planning, Department of Human Resources and Skills Development Canada):** Thank you, Mr. Chairman, and thank you for the invitation today. We're pleased to be here.

Employment insurance is a large and important program for the Government of Canada. It touches millions of Canadians each year, and it involves many billions of dollars of expenditures. It plays a key role in stabilizing the economy of Canada and it provides a social safety net to those who lose employment, their source of income. Those who have lost their job through no fault of their own are those who cannot work because of sickness, birth of a child, parenting responsibilities, and those who need to provide support to a dying or gravely ill family member. We not only provide benefits, but we also provide active interventions to help people bridge their way back into the world of work.

We welcome the throne speech reference that includes the commitment to review the EI program, to ensure that it remains well suited to the needs of Canada's workforce. We in the human resources and skills development department actively monitor the

employment insurance program. We report, accordingly, to Parliament each year to ensure that it continues to evolve, to remain responsive to the changing needs of the labour market, to Canadians.

Let me illustrate five changes in recent memory, all important. We have extended maternity and parental benefits for one full year. We've reduced the number of hours needed to qualify for these benefits. Secondly, to ensure that individuals accept work with lower earnings without being penalized for future EI benefits, we changed the small weeks provisions; we made them permanent and the threshold was increased. To help Canadians acquire skills, we eliminated the multiple waiting periods for apprenticeship training programs. At the start of this calendar year we introduced a new compassionate care benefit to allow workers to take care of a gravely ill or dying child, parent, or spouse without fear of income or job loss. Most recently, referring back to June, the government announced a two-year pilot project to further improve the responsiveness of the program to those workers who work part-time, seasonally, or in other non-standard forms of employment by providing up to an additional five weeks of EI benefits in regions of high unemployment.

This enumerates some of the most recent evolutions of the program.

This is a very large and complex program. We provide close to \$13 billion in benefits to Canadians each year. We process almost 3 million claims and we process 22 million biweekly claim reports. We have staff in over 300 offices in communities from coast to coast, and we take great pride in serving the clients.

We continue to improve our service. We are moving to web-based service channels to improve the quality, the consistency, and the speed of claims processing, to reduce the compliance burden for employers, and of course, to improve the quality, integrity, efficiency, and cost-effectiveness of benefits processing. We serve both our clients and the taxpayer. To illustrate, for example, we have moved to allow Canadians to apply for benefits online, and since we began we already have 84% of new claims being received online.

We are committed to ensuring that the program remains responsive to the needs of Canadians. I have enumerated some of the ways we've done that. We continue to monitor and assess the program. I made reference to the reporting that we make to Parliament on an annual basis. The last report is available, and I believe this has come up before a parliamentary committee earlier this year. This is the 2003 monitoring assessment report. We are hard at work on the 2004 report, taking into account useful comments received from the Auditor General on improvements that we can make in that regard.

I should, in closing, just draw to the committee's attention some general trends in terms of Canada's labour market. The most recent unemployment rate for September is 7.1%. We'll have a new number shortly.

• (1130)

Last month 43,000 new jobs were created. Over the first nine months of the year, there were 156,000 new jobs in Canada.

In terms of both our labour force participation rate and our employment rate, we are at near-record highs in Canada in our history. When we compare ourselves to the United States, their labour market from 2001 to now has recovered approximately half of the jobs they lost in the recession they experienced in 2001. The Canadian economy has seen no such recession. We've had no such job loss. In fact, we've had consistent and steady job growth over the last three years now, representing a 6.9% increase.

In terms of the year in and ahead, on the basis of the OECD, the IMF, and some private forecasters, all expect Canada to lead the G-7 in job creation in 2004.

We welcome your questions and discussion.

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

Just as a note before we get into our questioning, I would ask members to remain after we are finished with our witnesses, as there are a number of important housekeeping issues we must address.

I'm in the hands of the committee, but I would suggest we follow the protocol, the questioning rotation, that is used with the main committee: seven minutes for each opposition member, starting with the Conservatives and working toward the Liberals, with a second round of five minutes, and then the third round will be discretionary. We'll see how the time allocation is.

Yes, Monsieur Godin.

• (1135)

[Translation]

**Mr. Yvon Godin (Acadie—Bathurst, NDP):** When you say seven minutes for the opposition, is that seven minutes for each member? Do we do a rotation?

[English]

**The Chair:** Yes, each party has seven minutes—the Conservatives, the Bloc, the NDP, and then over to the Liberals. *Certainment.*

As well, to preface the questioning, I think it would be appropriate to ask the clerk to read the actual motion into the record.

**The Clerk:** Your terms of reference are as follows. This is the motion that was adopted by the main committee:

That pursuant to Standing Order 108 and the Order of Reference contained in the address in reply to the Speech from the Throne, the Standing Committee on Human Resources, Skills Development, Social Development and the Status of Persons with Disabilities study the issue of the Employment Insurance Funds so that the money accumulated is only used for the Employment Insurance Program in the interest of workers and tax payers by forming a sub-committee charged to undertake this study and that the Committee report back to the House by December 17, 2004.

**The Chair:** Merci.

We can commence with a round of questioning.

Mr. Van Loan.

**Mr. Peter Van Loan:** Thank you, Mr. Chairman.

My first question is for the Auditor General. I take it from your submission that you view the current rate-setting mechanism, or lack of mechanism—the process—as being distinct from the accumulated surplus. I guess where I'd go with that is: are you confident that the surplus is not going to be added to significantly under what we see as the current rate, and what do you anticipate might be coming forward as rates?

**Ms. Sheila Fraser:** Thank you, Chair.

The government has clearly indicated its intention that the rate be set so that the premiums collected would equal the expenses paid out. There are two elements of the response.

First, in the accounting for the EI account, there is a notional interest that is credited to the account on the surplus that has been created. For the year ended March 31, 2004, that was about \$1 billion. That \$1 billion is not taken into account in setting the rate; it is only the actual premium revenues that would equal the expenses. So on that basis, presuming that the surplus continues and it is sort of status quo, that interest would always show up as a surplus within the account.

That's the first element.

The second element is that we all have to realize there is a degree of difficulty in foreseeing all this with absolute certitude, so one would expect that there would always be some result...it would be very difficult to have premiums exactly equal the expenses in the account. There would always be some surplus, and the possibility could exist too that there would be a deficit in a year. There would be some balance that would affect the year to year. How significant that would be would probably depend on the ability of people to forecast with any accuracy what is going to happen in the employment situation over the course of a year.

Perhaps Finance or even HRDC would be better able to explain to you how they get that degree of accuracy, or the degree of accuracy to which they could expect their forecast to work.

One would not expect, going forward, that there would be the kinds of really significant surpluses we have seen in the past—\$7 billion, for example. With the new government policies that have been announced, we would not expect to see that occurring in the future.

**Mr. Peter Van Loan:** I will turn to Monsieur Lévesque and ask similarly, what do you foresee in terms of potential additions of the surplus? Do you think the rate-setting mechanism as you guys operate it now will prevent that from being an issue?

• (1140)

**Mr. Louis Lévesque:** We have to go back to the principles that were laid out in terms of how the government sees the premium-setting mechanism in the future. As the Auditor General has pointed out, the intent is, on a flow basis, on an annual basis, to try to match program costs with program revenues. Program costs are both benefit and administration costs, and program revenues are premiums.

To go back to another point that was made, the government is aware that there is an amount of uncertainty related to any economic forecast, so by definition, in any given year the actual impacts that you will see exposed.... So a rate that was issued in November of the preceding year would have been set on the expectation of an economic outcome for the next year based on private sector forecasting that would have been used in terms of arriving at budget projections.

There's an amount of uncertainty there. That's very clear. That means that at the end of the day there's an amount of uncertainty related to the impact of premiums and benefits on the fiscal positions of the government.

The plan is to have, to the best extent possible, an assessment of what the expected benefit will be and in turn to set the premium rate in accordance with that, based on the best economic forecast that can be made at the time. There will always be that element of the facts changing over the year. If either the economy or the employment rate does better or worse, there will be a difference on the flow basis in any given year between premium revenues and benefits.

The intent is to have something on a best-forecast basis that would try to match those revenues. It's really a looking-forward approach.

**Mr. Peter Van Loan:** Do you have any comment on the Auditor General's comments on the interest from the surplus—we'll deal with the principal in a moment—on the \$1 billion or so a year of interest and whether or not that's taken into account as a contribution to the program?

**Mr. Louis Lévesque:** Again, because the EI account is consolidated in the accounts of Canada, from a fiscal management standpoint the interest credit is a notional transaction in the sense that it's the accounting within the EI account, but it has no impact on the fiscal position of the government. What has an impact on the fiscal position of the government is the premium revenues coming in from employers and employees, the benefits in terms of going out, and the administration cost. It's clear the intent in terms of the new premium-setting mechanism is to take those elements into account, because these are the elements that have a direct impact in any given year on the fiscal position of the government.

**Mr. Peter Van Loan:** So what does that \$46 billion or so do? You're saying the interest on it is notional. Is that money notional?

**Mr. Louis Lévesque:** Yes.

**Mr. Peter Van Loan:** The whole \$46 billion is notional.

**Mr. Louis Lévesque:** In the sense that it's an accounting device that tracks the transactions over time, as the Auditor General has said, in the EI account. That's what it does. It administers records of the transactions in the EI account. It's all consolidated in the accounts. The transactions have all been consolidated. So the past fiscal numbers of the government as shown already reflect those numbers. That is the nature of that.

**The Chair:** Thank you, Mr. Van Loan.

Now to Mr. Lessard. You have seven minutes.

[Translation]

**Mr. Yves Lessard (Chambly—Borduas, BQ):** Ms. Fraser, does your mandate give you the power to consider the question of benefits that are given to persons covered by employment insurance? We

have long examined the surpluses aspect in relation to economic prosperity. However, it doesn't seem clear that you examined the fact that employment insurance eligibility criteria have been considerably tightened over the past eight years such that the percentage of people who receive benefits has declined relative to the number of people who lose their jobs.

Have you had occasion to examine that, and, if so, what finding could be made with regard, not to the legitimacy, which is not the appropriate term, but to the impact that could have on people who need insurance when they lose their jobs?

● (1145)

**Ms. Sheila Fraser:** Thank you, Mr. Chair.

We haven't commented on government policies. We examine the establishment of criteria for eligibility for benefits as policies. So all we can do is to ensure that payments are in accordance with policies adopted by the government. We can ask the government whether it has conducted impact studies and program evaluations. Moreover, in one of our audits, we noted that a number of evaluation studies had been conducted by the departments. However, it would be inappropriate on our part to comment on an essentially political decision, that is to say whether any tightening or changes to eligibility criteria are valid.

**Mr. Yves Lessard:** Okay. My second question is similar, if you will, and is for Mr. Lévesque or Mr. Treusch. It concerns the government's policies. What you're raising is essentially an analysis that comes to the conclusion that it is mainly economic prosperity that has an impact on surpluses.

My question concerns the fact that you have no doubt examined the consequences of these cuts and restrictions on eligibility criteria. I'm thinking first of Mr. Lévesque, with regard to the Department of Finance, and of you, Mr. Treusch, who are at the Department of Human Resources and Skills Development, with regard to the direct impact on employment insurance claimants. Eight years ago, the percentage of people who had access to employment insurance relative to the number of people who paid premiums was approximately 75 percent. Now it's around 40 or 38 percent, if my figures are correct. Let's say it's between 38 and 45 percent. Perhaps I can give you that range. So this is more than an accounting matter when it comes to determining what will be done with the surpluses. It's a matter of needs based on the purpose of employment insurance itself.

**Mr. Louis Lévesque:** I'll make a brief comment.

Responsibility for benefits essentially falls to the Department of Human Resources Development. From the standpoint of the Department of Finance, one major factor has played a role in reducing the relative impact of unemployment, and that's the extremely significant improvement in economic performance. Canada has had the best job creation performance of virtually all the industrialized countries over the past 10 years. So that's a major factor in the dynamics of employment insurance costs and benefits.

On the question of eligibility as such, I'm going to call upon Mr. Treusch.

**Mr. Andrew Treusch:** Thank you.

[English]

I appreciate the question. It's an important one.

I would like to make a distinction, if I may, for the benefit of the committee. The first point picks up on the remark made by my colleague Monsieur Lévesque. Insofar as we've had a very strong record of job growth and a very active labour market—and I appreciate that this is very different from region to region and community to community—clearly, then, the first driver that has tended to reduce total EI benefit costs has been the fact that there's been less demand for the program in whole.

It's a countercyclical program; it always has been. If the country enters into a recession, you would expect more people to lose their employment and to fall back on employment insurance support. But over the last years we've had a record of strong economic growth and a very strong job market—one in fact that exceeds that of most industrialized countries. Appropriately then, there is less call on EI.

We note, for example—and here I'm using current numbers—that individuals only use about two-thirds of their EI entitlement. Typically, people are finding employment before the end of the benefit period they're allowed under the law. So that's one category of cost that should be down for economic reasons, for job growth.

Second, in terms of changes to the benefits and their impacts, which is more the question you were raising, there's no question that EI reform going back about 10 years had a number of changes that had the consequence of restricting eligibility requirements. Insofar as more recent years go—and you will recall that in my opening statement I think I enumerated five changes to the program in the very recent past—each and every change has had the impact of extending eligibility or benefits to deal with particular issues on which we felt that improvements to the program were warranted. So those are a matter of record and they are policy decisions, policy choices, and they do entail costs in addition to what there would have been had there been no change.

In terms of the impact on the clients, the most important of your questions, this is a vitally important program. It reaches millions of Canadians each year. It's a very complicated program, and that is why we have, since the EI reform venture, which I guess was close to a decade ago, reported annually to Parliament and Canadians in the report that I referred to.

It's a report that's not perfect, it's a report in which we can do better, but it's quite a thorough report. I'm not aware of any other report of that sophistication and complexity that is made available on an area of program expenditure each and every year.

Now, we can and we should do better. For example, we are evaluating, as we speak, each of our active-measure programs province by province. We do that in partnership with provinces because, as you're well aware, they typically deliver the active measures. We also are working on a summative evaluation of EI benefits themselves, and as soon as we have results, they of course will be incorporated in our report to Parliament.

• (1150)

**The Chair:** Thank you very much, Monsieur Lessard.

Monsieur Godin, seven minutes.

[Translation]

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

Ms. Fraser, in paragraph 5 of your statement, you write the following:

In our view, this is the correct method of accounting, and it complies with accounting standards for government as promulgated by the Canadian Institute of Chartered Accountants. Employment insurance is considered to be a government program: government determines the rate of premiums, eligibility criteria and benefits.

You wrote that.

If the account was separate from the general accounts and the government continued to manage it, wouldn't that prevent it from using employment insurance surpluses to pay down the debt and thus to achieve a zero deficit on the backs of workers who have lost their jobs?

**Ms. Sheila Fraser:** That's once again a political question that you've just...

**Mr. Yvon Godin:** No, it's a question of figures, Ms. Fraser.

**Ms. Sheila Fraser:** There could be a mechanism with a separate account. I assume that could exist. There could be a more transparent and perhaps a more rigorous mechanism for setting rates, benefits and all the rest.

Honestly, I must say that I have trouble imagining that the employment insurance program could be excluded from the government's summary financial statements, which include all government activities.

I have trouble imagining that the employment insurance program is the government program. There are mechanisms that can be put in place. In any case, perhaps there are possibilities.

**Mr. Yvon Godin:** I don't mean it shouldn't be a government program; I'm talking about a completely separate account. If we have an account with \$46 billion in it and we can't pay down the debt with that amount, it's possible that changes will be made. It's much easier for the Minister of Finance to say that he's using that amount to pay the debt and to spend the money.

**Ms. Sheila Fraser:** Of course all premiums are currently deposited to the consolidated revenue account, and all payments come from that same account. So there are two factors: revenue and expenditure accounting and the use of cash on hand.

Cash on hand is in a bank account and can be used for all kinds of purposes. I assume it's possible, if Parliament so decides, to establish another, separate account, but I think that, in accounting terms...

• (1155)

**Mr. Yvon Godin:** It's much easier to count on the finance side. Yes, I understand that.

**Ms. Sheila Fraser:** In accounting terms, it would probably still be in the government's summary financial statements.



**Mr. Yvon Godin:** I'm saying it's easier for the government to take an amount if it's in the general accounts. Here, it's obvious: we're short \$46 billion.

I don't completely agree with your comments. In your report to Human Resources, you don't discuss in detail the Acadie-Bathurst region, for example, where 20 percent of the population is on employment insurance. If there are good economic conditions and growth in Canada, I can guarantee you it's not on the Acadian Peninsula. It's not in southeastern or northwestern New Brunswick. There are real problems in those regions: workers, together with employers, are contributing to a program designed to help workers.

In southeastern New Brunswick, nearly 2,000 individuals were caught defrauding the system by banking work hours. That even gave rise to a political debate during the last election. So don't come and tell me the program's working well. It doesn't encourage people to go and work. It's the government, not you public servants, that's in question. Nevertheless you're the ones who make recommendations.

So you don't encourage people to go to work. If they work 10 hours one week and their employment insurance is less than if they hadn't worked, what are they going to do? They're going to defraud the system. I want it on the record that this isn't just people in southeastern New Brunswick, but all across Canada.

You can't make me believe that, if there was a snow storm in Toronto on Monday and the subcontractors responsible for snow removal had no more work as of Tuesday, they would report their 10 hours of work so that they would then be penalized with regard to employment insurance. The system works well for those who work, but not for people who have lost their jobs. And yet that's its primary purpose.

Go take a look in Gaspé. I went to northern Gaspé. There are 2,500 people in the street; even merchants are in this situation. So don't come and try to make us believe that the system's working. It's unacceptable. There are places where it works, but others where it doesn't, in Newfoundland, for example, on the Acadian Peninsula and in southeastern New Brunswick, in the fishery. It's also not working in northern Ontario, in places where woodcutters have lost their jobs.

I would like to hear your comments on the subject. You're not giving me the impression that things are going well. I'm telling you that's not the case. I don't agree with your comments, and I don't accept them.

[English]

**Mr. Andrew Treusch:** I appreciate the question and I hope my remarks are not interpreted in the sense of saying that the system is working well, that there are no issues about the labour market in Canada. Notwithstanding the fact that Canada has an extraordinary record of job growth and creation, I hope I said at the outset if you are in a region of high unemployment, if you've lost your job, it's little comfort to you to be given aggregate statistics that show elsewhere there are employment opportunities and the like.

We cannot expect the employment insurance program to create jobs. It's designed to provide income support for those who, through no fault of their own, have lost their employment, and it does that reasonably well. Those who have labour market attachment and who

have lost their job have a social safety net represented by employment insurance to fall back on. And the labour market nationally is improved. There is job growth. It obviously differs by region. And I appreciate that in some regions that situation is much less.

So what can we do? Well, we need to come back to the economic fundamentals. We need to pursue policies that promote economic growth, and the Government of Canada has been doing so, and its track record shows some results.

We also have for a number of years—and this is not new—moved beyond providing passive income support to providing active measure interventions. These are particularly available and targeted to areas such as your own, where the labour market is most challenged. As you know, we do those under the auspices of labour market development agreements, like in the province of Quebec. So we do that very much with the province in the front line.

These are difficult problems. As long as there is unemployment and someone who lacks a job, we can't be satisfied. We continue to monitor our program each and every year. And when—

• (1200)

**Mr. Yvon Godin:** Yes, but we're still at 20%, so don't say that it works.

**The Chair:** We'll get another round in here.

**Mr. Yvon Godin:** Am I over?

**The Chair:** Yes.

**Mr. Yvon Godin:** Time is going fast. Why don't we do 14 minutes each?

**The Chair:** I know this is a topic that my colleague from the NDP is very well versed in and very passionate about; he understands the program well. But please understand it's not just seven minutes for answers, it's for questions and answers.

Monsieur D'Amours.

[Translation]

**Mr. Jean-Claude D'Amours (Madawaska—Restigouche, Lib.):** Thank you, Mr. Chair. My question is mainly for Mr. Treusch.

As mentioned by my colleague, who is also my riding neighbour in New Brunswick, you can say that the government's there to stimulate economic development. However, when you consider rural regions such as those in the Atlantic, you shouldn't forget that it's still not easy to stimulate economic development when you have trouble providing incentives to workers. I'm not talking about financial incentives, but an incentive to go to work. As a result, our youths and people working in sectors where there's a lot of seasonal work will leave the regions to go and work in urban areas.

You can try all you want to stimulate economic development in any way you want; it's not easy. We should never forget the following situation. When you talk about the rural regions, you're talking about agriculture, forestry, fisheries and many other areas. Most of these are areas that support many other regions of the country and more urban regions.

You have to realize that. I think that's a particular feature of our regions. You have to accept it.

You mentioned in your address that there have been changes. That's what you're telling me, if I correctly understood. Now someone who goes to work and finds a second job at a lower wage is no longer necessarily being penalized. This won't penalize that person with regard to future benefits. Have I correctly understood?

[English]

**Mr. Andrew Treusch:** In general, I should make the obvious point—and I know it's well known to members who are well acquainted with the program and its features—that the program does take into account the economic and, more particularly, the labour market situations of the regions. So it varies. It provides additional support to regions of high unemployment relative to regions of low unemployment. Of course, it takes into account the labour market attachment and the earnings history of the applicant or claimant. Those measures are particularly available to help those in greatest need of active measures.

Clearly, I can only endorse what the honourable member has said about the constant challenge of trying to promote economic development, whether it's in Atlantic Canada or in rural Canada from coast to coast. That is a constant challenge of government policy. Insofar as we can narrow the disparities, there are all kinds of government departments, mandates, and programs where the promotion of regional economic development or the reduction of fiscal disparities is either their principal aim or an ancillary objective. But while that long and difficult challenge is being confronted, employment insurance is there to provide income support to those who face job loss through no fault of their own.

I did enumerate a number of program changes. I don't believe I made any statement about a second income support. I did make reference, for example, to a change in the small weeks provisions.

• (1205)

[Translation]

**Mr. Jean-Claude D'Amours:** Mr. Treusch, I understand that the purpose of the employment insurance program is to help people who lose their jobs. I'm going to give you an example, and I would like to know your reaction to it. It involves a type of logical that I can't understand with regard to the program as such.

An individual has to work 14 weeks to be entitled to employment insurance. So that person has to work 14 weeks at, for example, \$15 an hour. We know that, in Canada, it's possible to find jobs that pay better wages. That same person could find another job for another 14 weeks at \$10 an hour. If I understand correctly, that person will have worked 28 weeks, but at two different wages. That would therefore mean that there remain 28 weeks of employment insurance benefits, or a little less if you consider the qualifying period.

Out of a total of 28 weeks worked, why wouldn't you take the 14 best weeks instead of the last 14 weeks paid at a lower wage? First of all, there wouldn't be any black hole, or virtually none, which would eliminate a large part of the problem. People want to work. Some would agree to work at a lower wage.

You aren't unaware that it's very costly to go to work in rural regions because there's no subway, train or public transit. In the

regions, there are workers who have to commute an hour, an hour and a half or two hours to work. That's the way it is in our regions. But they want to work. Why should they be penalized because they want to work?

[English]

**Mr. Andrew Treusch:** We would be happy to follow up with the honourable member on that example, probably with more precision than I can do in testimony today.

We continue to grapple with trying to provide adequate income support, as well as ensure there's an incentive to work—and we fine-tune this all the time. We've done so, for example, when there were concerns that there was a disincentive for people to take small additional earnings. That was why we introduced the changes to the small weeks provisions. That may not have addressed all situations everywhere, but that kind of change.... When there were concerns about the gap between employment insurance benefits and those for seasonal work, changes were announced in June to either eliminate or reduce that gap for thousands of workers.

Now, I appreciate that there are a million stories out there in terms of Canadians moving to non-standard work. As for the notion that there is one workplace out there where people work, a standard 37.5-hour week, and that we could build an insurance program around that, we find the world of work is much more complex. We also appreciate that the regional outlook is very different, and so we try to take into account some of these situations as much as possible.

But on your specific instance, sir, we should follow up with you, and I think we would be happy to do so. Some of the officials with me can provide, I think, a better answer to you.

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

We'll go into our second round of questioning now. I'd like to follow the same rotation we used during the first round, as opposed to going from the official opposition to the government and back to the opposition again. Perhaps we could just follow around.

From the Conservative Party, Mr. Van Loan. This is a five-minute round.

**Mr. Peter Van Loan:** I want to bring it back to the issue of the accumulated surplus, which is what we're supposed to be talking about, and the Auditor General's presentation.

There's a statement that "The current surplus...exceeds by three times the maximum reserve that the chief actuary...considered sufficient in 2001...." . Is there anybody, the Auditor General or anybody else, who can say what the appropriate maximum reserve would be? I guess I want to know what the surplus surplus is, if I can put it that way. If you took off the interest that was coming and attributed it to the surplus, what would be the maximum reserve you would need now for the program going forward as of this year? I guess I'm really trying to get to a surplus surplus number. Is there anybody who can tell me what that would be?

•(1210)

**Ms. Sheila Fraser:** The only information I can give you is that the chief actuary used to do this calculation every year and to my knowledge has not done it since 2001, when the rate-setting mechanism changed. That would be, I think, probably the most recent information on this.

**Mr. Peter Van Loan:** Could Human Resources produce us a number like that, or Finance?

**Mr. Louis Lévesque:** The calculation you are referring to is basically the calculation that is mandated under section 66 of the legislation that was in place. I think the best person to talk to would be the chief actuary. I wouldn't want to comment on that.

I want to remind you, the whole point of the government deciding to move to a new premium-setting mechanism was that since the account was consolidated under this approach that looked back at accumulated surpluses, this could have significant destabilizing impacts on the fiscal management of the government. That's what led to the work of the finance committee in 1999 and the recommendation that we go to a system that would basically take into account the projected flows.

This has been the basis for what the government has put forward. The government suspended, through legislation, the application of section 66 in 2001. What the government has put forward is a principle underlying the approach to rate-setting that would be based on expected costs of the programs rather than expected benefits, because that is what is directed back in any given year in the fiscal—

**Mr. Peter Van Loan:** I understand that completely, but it doesn't answer the question on the problem we're trying to wrestle with here. It just obscures the question we're trying to wrestle with here on the surplus.

I'll go to the next one, then, and say that I'm very skeptical, looking at the table on the back of the Auditor General's comments here, that you aren't going to be producing another surplus this year, because looking at the reductions in the rate from the past three years, the surplus keeps going down by a small chunk. It would take a much greater cut in the rate to bring it into a surplus this year.

I'll pose the question this way: could anybody tell me what rate, in the last three years on that table, would have been an in-balance rate? What wouldn't have produced a surplus? It's a fairly simple number that I hope you would be able to provide.

**Mr. Andrew Treusch:** Could I just make a comment about 2004, the year we are now in, and the rate we now know?

**Mr. Peter Van Loan:** Before you take up my time with that answer, can you provide me with the answer to my question, which is the numbers that would have produced a balance in each of 2001-02, 2002-03, 2003-04? What rate numbers would have produced a balance, with no surplus?

**The Chair:** Let me just interject, and I'll add the time. I think there would be two answers on this, one with interest in, and one without the interest.

**Mr. Louis Lévesque:** I think the numbers you're referring to are part of the chief actuary's work that can be provided a bit later on. Going back to what the intent is, it's to ensure that the flows on an annual basis—

**Mr. Peter Van Loan:** I understand the intent. I'm asking a very simple question.

**Mr. Louis Lévesque:** Do we have these numbers out there?

**Mr. Andrew Treusch:** If we look at the rate we now know in the year we now are in, we are in near equilibrium now. Let's be clear. By that I mean the premium revenue we take in versus the cost of administration and the benefits we pay out is close to equilibrium, if we set aside from that the attributed interest calculation, which I believe to be \$1.1 billion.

•(1215)

**Mr. Peter Van Loan:** Perhaps the Auditor General can answer, because I'm not getting an answer.

**Ms. Sheila Fraser:** I have a report that was prepared by the actuarial services at HRDC in October 2003 that says the rate for 2004 was established at 1.98%. You can see that here. If you do not take into account the interest credited to the account, the rate to break even would be 1.95%. and if you take into account the interest, it would be 1.81%.

**The Chair:** Thank you very much, Madam Fraser.

We'll continue. Monsieur Lessard, you have five minutes, please.

[Translation]

**Mr. Yves Lessard:** I believe my colleague from the Conservative Party of Canada will admit with me that the exercise we're conducting here is not limited to the cash surplus, but must also propose a solution with regard to that surplus.

It may consist of two measures. First, we could have a separate fund, if by chance we saw that it was the right solution, but that hasn't been decided. Second, it should be recognized that the restrictions on accessibility are such that some unemployed workers are currently being penalized with regard to the established rules and the specific purpose of the fund as such.

My question is for Mr. Treusch. We're not in the House here. We expect mutual, frank answers concerning facts. And I believe there's one fact that must be admitted and that you are going to admit yourself.

Earlier you said that the fund was made for people who lose their jobs and aren't responsible for the situation. Eight years ago, 75 percent of people who lost their jobs managed to obtain employment insurance under the established criteria. As we speak, that figure is 38 percent. So that means that 37 percent fewer people are entitled to employment insurance under the criteria that existed eight years ago. I imagine you will admit with me that that 37 percent does not represent all the people who have lost their jobs through their own fault.

I would like to hear your view on the subject. Why is that 37-percent segment no longer entitled to employment insurance. What impact will that have on the surpluses over the years? Would it be wise to think that, if we had maintained the same criteria, we wouldn't have been forced to lower premiums to the present level?

[English]

**Mr. Andrew Treusch:** On the first question, concerning access to EI benefits, this is part of our monitoring and assessment report to Parliament that we make annually. Of those who are in the workforce and have labour force attachment and lose it, 88% receive EI benefits. The 12% who do not would not have sufficient hours to qualify. This we report on each and every year. I'm looking here at pages 44 and 45. I invite the honourable member to pursue it there. We report on it nationally and regionally.

I recognize there is continued discussion about how we measure and assess access to the program. That's legitimate. I assume the honourable member is referring to what's called the BU ratio—the benefits to unemployment ratio. I'm not aware of the figures he has used, to be honest. I am aware of a 45% figure. It is not one we would use to assess the program. The program was never intended to cover the self-employed, to give an example, which would be a part of the calculation if you use that.

As for what the right assessment tool and techniques are, what we indicate in our monitoring report is that we are reviewing the measures—not ourselves; we have external experts whom we are consulting on this very question—and will report on those findings in the 2004 report, which will be available to members of Parliament next spring, I believe.

• (1220)

**The Chair:** If you have one quick one, you may take about half a minute just to comment or ask a quick question.

[Translation]

**Mr. Yves Lessard:** I very much question the 80 percent figure you've advanced. First I would like to understand. You say that 80 percent of people who pay employment insurance are eligible for benefits. But what is the percentage of people who actually receive employment insurance?

[English]

**Mr. Andrew Treusch:** The figure I used is 88%. I'm sorry if the last digit was lost; perhaps I didn't enunciate clearly enough. Those are those who are in the paid workforce who lose their job through no fault of their own. The reason it is 88% and not 100% is because the 12% are those who do not have sufficient hours to qualify for EI. In terms of labour force attachment, as you know, that varies by region.

**The Chair:** Merci.

Mr. Godin, five minutes.

[Translation]

**Mr. Yvon Godin:** As you no doubt expect, I don't accept the figures you advance. I've submitted them to various committees. I'm sure that students and certain workers, even if they pay premiums, are not considered as part of the class of workers because they have not accumulated 910 hours of work. The sentence is quite clear; we're talking about people who contribute to employment insurance and who qualify. Consequently, the percentage should be 100 percent, not 88 percent. Some people don't qualify because they haven't accumulated the 910 hours required. That's why we don't accept the 44 percent figure.

Now let's come back to our committee's mandate. When we talk about employment insurance reform, I'm sure the idea isn't just to reduce employer and employee premiums. We should know what we can do with regard to the employment insurance fund to help solve workers' problems.

Mr. Treusch, you say that people lose their jobs through their own fault. Why do you say that? Personally, I don't think that people lose their jobs through their own fault. If there's no more fish, that's not their fault. If you can't pick any more blueberries at the end of August, that's not the employees' fault. It's not an employee who decides not to work on Monday morning, but rather an employer who says he has no more work to give. It's as though you were saying that people who don't work are responsible for their own fate. It's as though you were accusing people of cowardice and laziness, which is unacceptable. The people in my riding are brave people.

Let's come back to the report. Have any studies been conducted for people included in the 20 percent unemployment rate? Are there any studies on that? That's where it's important. Does the program work in that case?

The government calculates the number of hours worked over 52 weeks. For example, in my riding, if you accumulate 420 hours over 52 weeks, you're eligible. Why then consider only 26 weeks when calculating the amount of money? Why not consider 52 weeks? Why punish people? It's their work.

[English]

**Mr. Andrew Treusch:** It's a matter of public policy that one has to draw lines on eligibility for employment insurance. This is a responsibility we cannot evade. We have to define attachment to the labour market in terms of eligibility. If I may use an absurd example, I don't think many members of Parliament would think that one hour's employment ought to entitle someone to 26 weeks of employment insurance benefit. I think they would think that is not sufficient labour market attachment to warrant it. Where do we draw the line? We make administrative rules—rules that we change, rules that vary depending upon the economic and labour market circumstances in the regions and what constitutes labour market—

• (1225)

**Mr. Yvon Godin:** Then where do you draw the line?

**Mr. Andrew Treusch:** For example, we have never had the employment insurance program cover the self-employed.

**Mr. Yvon Godin:** No, they don't pay into it. I'm not talking about them.

**Mr. Andrew Treusch:** We do not cover those who don't meet a threshold of basic hours worked in a period of time. With respect to why am I using the term, which I have more than once, the program is there for those who lose the job through no fault of their own. I certainly mean none of the connotation you're attributing to it, and I'm not making remarks about work effort. In fact, I'm simply making a distinction between those who choose to quit their job.

Finally, again, I appreciate—and I know from the previous testimony before this committee—that there is this ongoing discussion about access to benefits, about what the trends are, how we measure it, and whether or not our method of measuring it, the 88% figure that I referred to, is accepted. What I've tried to indicate is that we are engaging external experts, experts beyond our department itself, to try to bring the best information and make that available to members of Parliament, who will, of course, reach their own conclusions and judgments on the basis of that.

**Mr. Yvon Godin:** I have another question.

You said the program is working very well and your staff is doing a good job. I also believe that the staff in place is doing a good job. Yet why do people have to wait a month and a half or two months before they get their employment insurance in many areas of the country? London, Ontario, and Bathurst, New Brunswick, are examples, and I could name many more, where it takes over two months to get their employment insurance because they don't have enough staff.

**Mr. Andrew Treusch:** This is benefit processing. We would be happy to look into the specific instances you raise. Obviously, our staff have to deal with peaks and valleys of processing. Fundamentally, to help our staff, what we need to do is re-engineer our processes to make them more efficient.

I made fleeting reference to the things we are doing to automate service delivery and to move things online. We have important changes to make in the back office as well because we need to do better in service provision. Our staff are doing the best they can. They have to cope with electrical, they have to cope with BSE, and they have to cope with emergency situations. We can't move staff around, so a lot of them put in some extraordinary hours and effort to do the best they can to serve the community in which they live and work. But it is a challenge.

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

Mr. D'Amours.

[Translation]

**Mr. Jean-Claude D'Amours:** Mr. Chair, it was mentioned a moment ago that a connection can be made between talking about surplus revenues and trying to better serve the needs of the public with regard to employment insurance. I'm referring to reasons mentioned earlier for promoting economic development.

I agree with the idea of stimulating economic development because it's important to do so. However, with regard to surplus amounts, there's a contradiction between the government's wish to promote economic development and the eligibility problems experienced by youths who live in rural areas and whose work is seasonal in nature and by people who apply for benefits for the first time.

Mr. Treusch, don't you think that's a contradiction, when you look at the number of hours needed to qualify?

As a government, we can introduce any necessary measure for economic development in a region. On the other hand, we're raising an obstacle to the employment insurance program that does more to encourage young and older workers to go and work in more urban

areas. In those areas, they won't plant trees, they won't go fishing, they won't harvest potatoes or grow wheat and so on.

Don't you think that creates a contradiction? On the one hand, there's the government's formal wish to stimulate economic development, but, on the other hand, you have to encourage people to go where there's great economic development potential. Otherwise, you're encouraging those people to go to other regions.

• (1230)

[English]

**Mr. Andrew Treusch:** Over 400,000 seasonal claimants receive EI benefits each and every year. These benefits average 8% above the benefits received by other claimants, so in terms of the support in fact it is higher there.

We have constantly struggled with how to provide appropriate support and incentives for seasonal workers. We continue to do so. We have made changes to the program since 1996 that now represent a cumulative total of \$700 million in terms of additional support or coverage. For example, I have made reference to changes to the small weeks provision. This means—and I think it illustrates some of the examples you have brought to my attention—that where an individual has weeks with earnings of less than \$225, these we exclude from the benefit rate calculation so that they don't reduce that claimant's benefit rate. It gives them an incentive to take up that work under that threshold. We introduced that in 1997, we made it permanent in 2001, and we enriched it in 2003.

We used to have an intensity rule. In the year 2000 it would have reduced the benefit rate for those who are frequent EI users. This did not prove effective, so we eliminated that. In June—

[Translation]

**Mr. Jean-Claude D'Amours:** Mr. Treusch, I understand what you're saying. First, with the short week you referred to, someone has to work at minimum wage to qualify. That's not the situation in all cases.

My question specifically concerned first eligibility. A moment ago, you mentioned that that was a question that, I believe, would be answered later. My question was on first eligibility.

We are in a rural area, where people work a certain number of weeks. There aren't any more. Don't you think there's a contradiction between the government's attempts to generate development in the regions and, at the same time, the fact that people applying for the first time are told they won't get EI and that they'll have to work in an area where they can? Don't you think there's a contradiction there, Mr. Treusch, with regard to the employment insurance program?

[English]

**Mr. Andrew Treusch:** I think unavoidably a policy choice has been made. A threshold has to be drawn for a point of first eligibility. The way the program works now is that this threshold of eligibility varies depending upon the economic circumstances and labour market situation of the region. It's a matter of continuing public policy discussion and debate as to whether those rules are appropriate, whether they should be made more generous, or whether they should be made more problematic. We continue to monitor that carefully.

[Translation]

**Mr. Jean-Claude D'Amours:** I don't know whether...

[English]

Do I have more time?

**The Chair:** No. I think what we're going to do is...we did start a little late, so we can entertain a third round, and we'll go a third round with three minutes. All right? Three minutes, following the same rotation.

Mr. Forseth.

**Mr. Paul Forseth (New Westminster—Coquitlam, CPC):** Thank you.

Today we've heard about \$46 billion in accumulated surplus, but we must understand that that's purely notational, that it's actually spent. It really doesn't exist. It's not money sitting in an account somewhere. We've heard that in fact there are only current premiums to run the program. We've heard that in fact if there were a downturn in the economy, contribution rates would have to go up because there are no other real moneys set aside. That would be if the program was not going to be then subsidized from general revenue. So I take it we're in a cash in, cash out situation, and all of this other stuff is just notes made into a book somewhere as to what has been collected in the name of EI. But there's no money set aside anywhere, and the past accumulated surplus has been used to balance the budget.

So currently in the cash drawer you say we are at about the break-even point. If there were a major change, an economic downturn, would not rates have to go up because there's no other money in the cupboard?

[Translation]

**Mr. Yvon Godin:** When we struck this committee, I thought we agreed that there would be one member per political party. That's what we have for our party.

• (1235)

[English]

**The Chair:** Monsieur Godin, it is at the discretion of the chair to recognize.

**Mr. Paul Forseth:** I waited until the third round.

**The Chair:** Yes.

**Mr. Yvon Godin:** No, that's all right. We can bring some people next time, because it's one per party. You were there when we made the decision.

**Mr. Paul Forseth:** You can share your time as you want. We had no vote.

**Mr. Yvon Godin:** That's all right. Next time we're just going to bring some more people.

**The Chair:** Yes, but how about if we deal with that, with the housekeeping, after this?

**Mr. Yvon Godin:** No problem.

**The Chair:** We'll allow this to go forward, but we'll deal with that after this.

Thank you.

Go ahead, Mr. Forseth.

**Mr. Paul Forseth:** I've given that postulation. I would like an answer to that.

**Mr. Louis Lévesque:** The fact that the surplus is notional just means it's the annual transactions that affect the fiscal position. That's absolutely correct. To infer from this that automatically rates would have to increase in the event of a downturn I think goes back to one of the fundamental principles the government has set forward, which is that premium rates should be relatively stable over time. People think in terms of what you need is a reserve to protect against the fluctuation of rates. In a world where everything is consolidated, in terms of the accounts of Canada, it is a notional concept of tracking things, but it does not change the fiscal reality. It's what happened this year.

So where do you go with that? It means that what this will allow, in terms of the rate stability over time, is the ability of the government's fiscal framework to accept increases in benefits without having to resort to increasing rates.

**Mr. Paul Forseth:** Right. But that would mean it would be subsidized from other general revenue.

**Mr. Louis Lévesque:** It goes back to...*ex ante* you will want to set rates to the best knowledge of what the benefits are going to be. But if there are shocks and fluctuations, I don't think anybody would want the rates to adjust automatically. It goes back to the strength of the fiscal framework of the government that will allow for the framework to absorb, in any given year, impacts that would come from fluctuations in the economy.

No matter what, you have a mechanism in account, a notional calculation, because at the end of the day, if that counts in the data, there's a direct impact on the fiscal framework.

The government has said that one of the principles the government wants to see in a new premium-setting mechanism is relative stability of rates.

**The Chair:** I am sorry, that is three and a half, and we did stop the clock during the intervention. Sorry about that.

Monsieur Lessard.

[Translation]

**Mr. Yves Lessard:** My question is for Mr. Treusch.

As Messrs. D'Amours and Godin said earlier, we have to answer our fellow citizens' questions. They're trying to understand why the cuts have been applied to the eligibility criteria.

You told me earlier—and I believe you're in good faith—that 80 percent of people who pay for employment insurance can currently receive it. So that it's clear in the minds of the people we represent, I would like to check to see whether it's in fact 80 percent of people under the current criteria. Do we agree on that fact?

[English]

**Mr. Andrew Treusch:** I've used the figure 88%. This is not my figure. I am drawing on the 2003 monitoring and assessment report, which is a report that is developed within our department but is approved by the Employment Insurance Commission, designed and submitted and available to members of Parliament. It is signed off by the commissioner for workers and the commissioner for employers as well as representatives. It's there, and that's the document I referred to.

● (1240)

[Translation]

**Mr. Yves Lessard:** Excuse me for interrupting you: you're encroaching on the three-minute period.

I understand that you're not responsible for these figures, but, from what you know, is this 88 percent figure—if it is in fact 88 percent—established under the present rules?

[English]

**Mr. Andrew Treusch:** That is based on the current data available. I think that's the correct answer. There would be a new figure for the coming year.

[Translation]

**Mr. Yves Lessard:** Is it based on the present eligibility rules?

[English]

**Mr. Andrew Treusch:** Correct.

[Translation]

**Mr. Yves Lessard:** That's correct? Okay, we're on the same page. Coming back to the question I put to your earlier, and which I think you understood, you chose to answer as you wished—so be it—but let's come back to my first question.

If we compare the present criteria to those prevailing in 1996, we see that 37 percent of people who should have been entitled to employment insurance are no longer eligible as a result of the cuts. For example, the number of hours for eligibility has changed. Furthermore, certain criteria regarding employment insurance benefits have changed based on the responsibilities of people. At the time, the rules were not the same for people living alone as for those with dependents.

Here's my question: how much money is saved in each fiscal year as a result of these cuts?

[English]

**Mr. Andrew Treusch:** I understand the question. The change is over time. I would like to ask the director general, Mr. Bill James, from Human Resources and Skills Development to address the member's question.

[Translation]

**Mr. Bill James (Director General, Employment Insurance Policy, Employment Programs Policy and Design, Department of Human Resources and Skills Development):** Good afternoon. I'd like to elaborate a little in response to your question. A number of factors affect the eligibility rate. The changes made to government policies can affect the eligibility rate. However, it's important to come back to the point raised by the Assistant Deputy Minister. In

the most recent period, the eligibility rate was quite high, and it was also adjusted across the country. It is important to recognize that the labour market changed considerably over that period of time. We saw...

**Mr. Yves Lessard:** Mr. Chairman, I believe we're entitled to clear answers to clear questions. If they don't know the answer, they should tell us. They may not know the answer. How much money has been saved as a result of the budget cuts over the past eight years? It's a clear question. If you don't know the answer, say so. It's not complicated. Everything you're about to tell us, we've already been told.

**The Chair:** Thank you.

[English]

Your time has elapsed. Maybe we can get that in a closing statement from one of the officials.

[Translation]

Mr. Godin, over to you.

**Mr. Yvon Godin:** I'll be brief. I'm going to talk to you about two things. Mr. D'Amours referred earlier to 910 hours. You suggested that that figure changed depending on the region. My impression is that it's 910 hours in my riding, 910 hours in Toronto and 910 hours in Vancouver. It's the same figure.

Let's talk about eligibility and those 910 hours. Some regions such as ours, which are rural regions where work is seasonal, are more affected than others. Can you confirm that this figure of 910 hours is the same across Canada? By your answer to Mr. D'Amours' question, I believe you misled us.

● (1245)

[English]

**Mr. Andrew Treusch:** We certainly do take it into account. We adjust frequently, we divide the country into a number of regions, and we look at the labour market situation—

**Mr. Yvon Godin:** No, no, no, I'm talking about the 910 hours. You don't divide the country; 910 hours is all across the country.

[Translation]

**Mr. Bill James:** That's a policy that applies only to new applicants.

**Mr. Yvon Godin:** Yes, that's what I'm saying. It's 910 hours for everyone, across the country.

**Mr. Bill James:** Yes. I think that's well established.

**Mr. Yvon Godin:** I believe you answered earlier that people who have not accumulated 910 hours, and who consequently have not entered the employment insurance system, are not included in the 88 percent figure. Let's not talk about self-employed workers; they don't pay for employment insurance. We're talking about people who pay for employment insurance, such as students and new applicants who have not accumulated 910 hours. They aren't included in the 88 percent figure. Can you confirm that for us?

**Mr. Bill James:** Measuring eligibility is a fairly complex thing. I believe it was raised and discussed earlier this year. We've previously sent out fairly detailed documents on how it's calculated. To answer your question directly, this measure applies to all people who work during a certain period. It includes all people who work.

**Mr. Yvon Godin:** No. A little earlier, the Assistant Deputy Minister said that people who worked three or four hours over a year were not included because they couldn't receive employment insurance based on that number of hours. He therefore suggested that, when you're not eligible for employment insurance, you're not counted.

Can you explain that for us? Is it 400 hours? Is it 500 hours? Is it three hours? They don't qualify in any case. What is the limit for inclusion?

**Mr. Bill James:** I don't know whether I clearly understood your question, but I'll try to answer it. The 88 percent figure is a measure at a certain point in time. It includes people who have positions, who have jobs at that specific moment. It includes all people who are in a position.

**Mr. Yvon Godin:** Even if they don't qualify?

**Mr. Bill James:** The qualification question is definitely different. That concerns someone who loses his job and files a claim.

**Mr. Yvon Godin:** I understand, but, in cases where people or students don't have the 910 hours required, would they be part of the 88 percent? Would a person who enters the labour market and works 400 hours be included in the 88 percent?

It seems to me we should be able to find an answer to this question.

[English]

**The Chair:** A quick response, please.

[Translation]

**Mr. Bill James:** Yes, they are considered in the 88 percent.

**Mr. Jean-Claude D'Amours:** Thank you, Mr. Chairman.

I would like to continue on the question of first eligibility, the 910 hours issue, because we're still talking about surplus revenues, and so we're talking about facilitating the situation somewhat.

Mr. Treusch, you previously mentioned that many steps had been taken to facilitate—or whatever term one wishes to use—the development of solutions to the problem of seasonal work. It was confirmed that the period of 910 hours was the first eligibility, regardless of where people live in Canada. Let's take, for example, a person who plants trees. He doesn't do it in April, when the ground is still frozen, or in November, when the ground is about to freeze. There's a time limit for doing it.

Don't you think that the eligibility issue still encourages people who live in our regions to leave them because they can't be eligible for employment insurance unless they find another job? That's the situation in the rural regions. That's the situation in the regions where you find seasonal work. If you're saying that a lot of measures have been taken in the past to improve the situation regarding seasonal work, I agree with you. However, don't you think we should improve the situation in order to at least make accommodation, not for particular or specific situations, but for regions in the same situation.

We should enable people at least to qualify more easily and, at the same time, assist economic and social development in their region.

• (1250)

[English]

**Mr. Andrew Treusch:** The typical portrait of the seasonal work and the challenge of the seasonal worker is someone who works for a season and then can't work for a season, as in the specific example you gave, and therefore relies on EI. It was that particular clientele that the June 2004 announcement was designed to address specifically, for example, to reduce the gap between EI. So that's typically a different set of issues from those who are at the margins or entering the labour market for the first time.

[Translation]

**Mr. Jean-Claude D'Amours:** Mr. Treusch, ultimately, a worker entering the labour market for the first time enters a seasonal labour market. So what is 910 hours equivalent to? To 25 weeks, more or less, at 37 and a half hours a week? I'd like to know what kind of seasonal work would enable someone to qualify for the first time.

[English]

**Mr. Andrew Treusch:** It's expected that there would be an entrance requirement. There will always need to be an entrance requirement. You want to have one that is balanced, in light of the access to the benefits that the EI program provides.

As I mentioned, in terms of the year we're now in, the program we're now administering, and if we set aside the calculation of the interest benefit, the benefits we are providing, whether through income support or whether through active measures, are roughly equivalent to the premium revenues we were taking in.

Obviously, when we consider a region of high unemployment, a region of economic disadvantage, the program is progressive, is redistributive. There are proportionally more benefits being provided, whether it's to the individual or whether it's to the community or the region itself. So it is progressive, it is redistributive, and it's a matter of ongoing public policy and debate about the extent to which we balance those pressures.

**The Chair:** I hope the committee will indulge me and allow me to present one question here. Then I'll ask each of the witnesses to take a minute or so to sum up.

First, I'm concerned with the discrepancy in the figures. We have a number of factors that have contributed to the situation we find ourselves in with the surplus. Obviously, the premium rates that were charged from 1994...we recognize they've gone down.

Secondly, we've seen changes to the legislation—this is coming from some of the comments of the members here—that have precluded some Canadians, some workers, not being allowed access to benefits.

I think we have to determine what the real figures are with respect to those changes, how many have not been able to receive benefits. I think we have to understand as well, as parliamentarians, that these are probably the people who are most impacted and least able to defend themselves.



The third concern is where the economy has gone, the growth in the job sector and the number of Canadians who have been employed between 1994 and now. The unemployment rate has gone from 12.5% to 7.5%.

What would you see as being the main contributing factor resulting in this immense surplus? Would anybody want to comment on that, any of those three factors—the premiums, the people we've cut back, or the job growth? Would anybody be comfortable in commenting on any of those?

Monsieur Lévesque first, on a combination of three?

• (1255)

**Mr. Louis Lévesque:** It's one of the joys of the laws of arithmetic. It is very difficult to ascertain in terms of whichever has come first, because obviously what you've seen is that there has been an excess in revenues over benefits. So were the revenues excessive or were the benefits too low? That's an adjustment call.

It is very clear from our perspective that a major factor is the fact that the great decline has not been sufficient to keep up with the improvement in the labour market. The labour market has surpassed all expectations that anybody could have had, given the history of the economy of Canada. That's shown in the close to three million jobs created and all of that and the employment rate now being at the highest level on record.

It's not to say in this answer that that is the most important factor. It's obviously a big factor, but going back, there's no magic answer to the question in terms of what is the cause and the effect. You can observe, expose, that there was a discrepancy over time between the two.

**Mr. Andrew Treusch:** I'm not able to bring the committee figures. It would be my judgment that overall, in looking to past and future growth of EI expenditures, the major consideration would be economic growth, or job growth more directly, as being more important than some of the eligibility issues that have been made or are being discussed, although those obviously affect program costs up or down.

**Ms. Sheila Fraser:** I must admit I'm a little annoyed with myself because we did an audit in our November 2003 report on the employment insurance account and we had tables that showed exactly the question that Mr. Godin and Mr. Lessard have been asking about. I don't have that report with me, but I would be glad to send it to the committee.

I also think we made comments—and I'm only going from memory—about the evaluations that had been done, but we also said the government had not evaluated all of the changes, which would give you exactly the answer you're asking us for, those changes to the benefits and what was the actual effect over time. I'm pretty sure we said it had not been evaluated and certainly had not been provided in the report.

I will send you a copy of that report, and we would be glad to come back if you would like any further information on it. I apologize for not having it with me today.

**The Chair:** That's fine, and we look forward to receiving that and having it distributed to committee members.

I'll ask you now if you'd like to each take a minute to sum up with closing comments. You're more than welcome to.

**Ms. Sheila Fraser:** I would like to make the point that we have been raising this issue for many years. We think this is an important issue. The way we interpret the Employment Insurance Act, premium revenues were to be collected in order to pay the benefits. There was to be a matching of those. Over time, \$46 billion more in premiums have been collected than benefits and expenses paid. We believe that while government may have begun to address the issue going forward, we have not seen anything yet on how that \$46 billion will be handled. I certainly look forward to the recommendations this subcommittee will make.

Thank you.

[Translation]

**The Chair:** Thank you.

Mr. Lévesque.

[English]

**Mr. Louis Lévesque:** I have a point concerning the government recognizing some years ago that there was an issue with the premium-setting mechanism. The government has set out principles, going forward, that it wants to apply to a new rate-setting mechanism, and certainly the government will be looking forward to the recommendations of the committee in that respect.

**The Chair:** Mr. Treusch.

[Translation]

Thank you, Mr. Lévesque.

[English]

**Mr. Andrew Treusch:** In terms of one of the key concerns of the committee, I would like to state that whatever has happened in the past, whatever might be decided for the future in terms of the year we are now in, in a rough sense, the premiums being received for EI versus the benefits being paid out, less the cost of administration, setting aside attributed interest on the cumulative surplus, are roughly in equilibrium.

In terms of the EI program itself, we will follow the committee's deliberations with great interest. We put great emphasis on evaluating the program, we monitored an assessment, and we'll make changes, as justified, based on the evidence and the research. We are happy to recirculate this to members of the committee and any other documentation or evidence that would bear upon the committee's deliberations.

• (1300)

**The Chair:** On behalf of the subcommittee, I'd like to thank—

**Mr. Yvon Godin:** Just before they go, could we ask for some information that they could give us?

**The Chair:** I see no problem with that.

**Mr. Yvon Godin:** I raised the question about whether the people with less than 910 hours were calculated in it. Could you provide to the committee what is calculated and what is not, what is on and what is not on, and prove it to us, please?

**The Chair:** Can we get that through—

**Mr. Andrew Treusch:** We are happy to follow up with the way this is determined.

**Mr. Yvon Godin:** In detail.

**Mr. Andrew Treusch:** Yes.

**Mr. Peter Van Loan:** I wouldn't mind having answers to my questions, which were as follows. For each of the years on the table shown, what would have been a rate that would have been broken even? If you want to break it out into a "with interest" and "without interest" from the notional account, that would be helpful.

It's the section 66 number that nobody seems to have calculated. Perhaps we could have that so we could know what the surplus is, if one were to operate under that old principle.

**Mr. Andrew Treusch:** Okay.

**The Chair:** Very good.

Thank you very much to the officials for attending today. I know your insights and testimony today will help greatly. Thank you.

Members, we're going to address a couple of housekeeping duties, so we'll suspend for a couple of minutes.

• (1302) \_\_\_\_\_ (Pause) \_\_\_\_\_

• (1304)

**The Chair:** We'll reconvene now.

I have three housekeeping duties here, and perhaps there are others that you want brought forward.

One that arose, obviously, during today's testimony was the fact of putting questions from each party. Certainly it's every parliamentarian's privilege to attend committee and subcommittee meetings, but the putting of questions is something we should address today. Whether I'm overstepping my duties or not...certainly with third-round questioning it was reasonable to invite Mr. Forseth to pose a question, but I'm in the hands of the committee as to what we want to do.

I understand, Mr. Godin, you have a comment on this.

**Mr. Yvon Godin:** Yes, it's just a point.

It's just that we set a rule, and the rule was that there would be one per party to come to this committee. We know other members can come to the committee. We are all members of Parliament and we attend the meetings we want to attend, but then we set rules about who will represent the parties.

It's not the end of the world if you ask a question—

• (1305)

**The Chair:** No, and you were gracious.

**Mr. Yvon Godin:** The point is we want to know, because maybe I will bring two people with me to the next meeting and each one of us will raise a question. But that's not what we want to do. That's the only thing. And then the Liberals will bring three people. Is that what the subcommittee is all about?

We decided to have a subcommittee to have less people at committee, because of all the committees we have. Outside of that,

we might as well go back to the main committee and do the job. That's the only point I'm making.

I don't know if you have any difficulty with that or if it's me who is trying to be difficult, but I'm just saying we want to know the rules.

**The Chair:** Monsieur D'Amours.

**Mr. Jean-Claude D'Amours:** Mr. Chairman, that's exactly the same comment for me. If we remember, at the beginning,

[*Translation*]

that was one of the comments I made. I would have liked the debate to be held within the committee as a whole. But that's not the case: the opposition voted in favour of working in a subcommittee, and I believe we should respect that. To win my point, we should all have voted to maintain the committee as a whole rather than strike a subcommittee.

[*English*]

**The Chair:** Monsieur Lessard, would you like to comment on it?

[*Translation*]

**Mr. Yves Lessard:** I agree. Mr. D'Amours is in a good position to speak on this point. He wasn't enthusiastic about the idea of working on a subcommittee. But that's what we're doing now.

I know it would be easier to be with colleagues. I'm not alluding here to the selection of the representative of each party. I would be much more comfortable if I had one of my colleagues beside me who had already examined the issue. However, that would complicate the procedure, and I believe we have little time at our disposal.

For that reason, I share the view of Messrs. Godin and D'Amours on this point.

[*English*]

**The Chair:** I understand that it took no more time from the committee to use the party time. I certainly see that. But again, I feel the consensus of the committee is to continue on with those subcommittee members being the only ones to make interventions on behalf of the party.

Mr. Van Loan.

**Mr. Peter Van Loan:** So far, I'm hearing that from three out of four, which if not a consensus is at least a majority. Keeping that as a likely outcome, since that's the majority, our perspective is that it's one vote per member per party, in any event. That's what we thought was the significance of the subcommittee.

Aside from that, I wouldn't have a problem with it, provided I can step back and someone can sub in for me for a meeting or part of a meeting, because the realities of my schedule are that I'm not going to be able to be here for all of our meetings.

**Mr. Yvon Godin:** If somebody takes their place, that's allowed.

**The Chair:** If you go through the substitution form, that is allowed, yes.

**Mr. Peter Van Loan:** So I need an actual form.

**The Chair:** Yes.

**Mr. Peter Van Loan:** I'm new to all this, you see.

**The Chair:** Speak? No, I don't think we can do that.

**Mr. Paul Forseth:** Yes.

**The Chair:** No, I don't think so. You're not a member of the subcommittee.

**Mr. Paul Forseth:** Yes, but I'm allowed to speak to the issues, and I want to talk to you about the legality of the creation of a subcommittee and what that means.

I will just carry forward here.

**The Chair:** Committee members, will we get into this?

[Translation]

**Mr. Yvon Godin:** If we have to discuss it, we should do so in the main committee.

[English]

**The Chair:** Yes, and I see the merit in it being discussed at the main committee. If we could bring that up with the main committee, I think that makes sense.

**Mr. Paul Forseth:** You're making a mistake, but you're not going to persuade these guys here.

**The Chair:** Go ahead, Mr. D'Amours.

[Translation]

**Mr. Jean-Claude D'Amours:** Mr. Chair, coming back to the comment I made earlier, we discussed this situation. It was agreed that the subcommittee would have one representative per party. I said I did not agree to proceed in that manner because I wasn't sure I could assert my arguments regarding employment insurance. I had some fears on the subject. Now I'm representing my party and I'm pleased to do so. The problem is that other members of the main committee also have their own situations and would nevertheless have liked to be present.

However, we voted in favour of the subcommittee and of a single representative per party. In my opinion, if we call upon two or three representatives, we should return to our initial committee instead and discuss employment insurance all together.

•(1310)

[English]

**Mr. Paul Forseth:** That's a false argument.

**The Chair:** I think this might be best dealt with in the form of a motion. Can we put a motion to the fact that—

**Mr. Yvon Godin:** I move that we have decided to have a subcommittee, one member per party—

**The Chair:** Let's just wait.

**Mr. Peter Van Loan:** I was content with the suggestion of the chair that it be discussed at the main committee.

**The Chair:** So if the Conservatives want to bring that up at the main committee....

Moving on....

**Mr. Yvon Godin:** I just want to be clear, though. If you have to go and you want to be associated, that's okay. It's just to have two arguing at the same time at the committee. That's what I'm saying.

**The Chair:** Very good.

I have two things, and I guess they're correlated, they're codependent: the number of witnesses and who the witnesses are going to be, and the schedule.

Obviously, we're under a very specific guideline. We would like to get this report back to committee by December 1 or the first week of December. We would want to leave the researcher with a fair amount of time to put this together, and we'd want to discuss the recommendations going forward.

We're using the committee time today, and then we have our constituency week. The week of November 15 there are meetings scheduled for the afternoon of November 17 and the afternoon of November 24. They're Wednesday afternoon meetings, at 3:15 p.m., and that's about it. And then we have December 1 to work on the actual information.

[Translation]

**Mr. Yvon Godin:** Mr. Chair, I think we should first consider the number of witnesses we will hear. Based on that number, we may have to hold sittings in the evening.

[English]

**The Chair:** And if we have to schedule more?

[Translation]

**Mr. Yvon Godin:** If we establish a fixed schedule... We haven't yet decided who we're going to hear. We can't extend the time period, but we can definitely increase the number of meetings we have. So we'll have to adapt to that.

[English]

**The Chair:** Let's enter into that discussion right away then, as to who we want to come before the committee.

Mr. Van Loan.

**Mr. Peter Van Loan:** We haven't contacted them ourselves, but we would certainly like to see representatives of the Canadian Chamber of Commerce, the Canadian Federation of Independent Business, and that successor to the Business Council on National Issues—I have a mental block. I don't remember the name of the organization, but it's Tom d'Aquino's group. They've changed their name to try to leave their past behind; they've succeeded, because I can't remember what their new name is.

And the other one is the Canadian Construction Association.

**The Chair:**

Monsieur Lessard.

[Translation]

**Mr. Yves Lessard:** It's of course appropriate to invite the union federations, the CLC, FTQ, CSN and the groups involved in employment insurance, Sans-Chemise, the associations of the unemployed, and so on. I'd like to make a list and submit it to you.

•(1315)

[English]

**The Chair:** Could we maybe focus on...?

Go ahead, Mr. Van Loan.

**Mr. Peter Van Loan:** The CRFA, the Canadian Restaurant and Foodservices Association.

**The Chair:** Monsieur Godin.

[Translation]

**Mr. Yvon Godin:** I don't know whether Mr. Lessard will agree with me that this represents these people, but MASSE, the Mouvement autonome et solidaire des sans-emploi, represents the entire Sans-Chemise movement in Montreal, Quebec City and Gaspé.

I e-mailed the list to the Clerk today, with the addresses and telephone numbers of each group and the e-mails stating where it took place. There's also the Canadian Labour Congress, the Canadian Chamber of Commerce and the Building and Construction Trades Department. I don't know whether the Conservatives named the Canadian Federation of Independent Business. There's also the New Brunswick Federation of Labour. My Quebec colleague also named the Quebec Labour Federation. They are very active in this program. There's also the Association francophone des municipalités du Nouveau-Brunswick and the Comité du Sud-Est pour les changements à l'assurance-emploi.

[English]

**The Chair:** Don't schedule anything for your Monday nights for the next couple of weeks.

[Translation]

**Mr. Yves Lessard:** Did I mention CSN, the Confédération des syndicats nationaux? There's also the CSQ, the Centrale des syndicats du Québec.

[English]

**The Chair:** Over and above that, Monsieur D'Amours...?

[Translation]

**Mr. Jean-Claude D'Amours:** Mr. Chair, you're being nice to me. We already have a good list. I wasn't really able to provide a list this morning. With the subcommittee's permission, I'll identify and submit some names in the next few days.

[English]

**The Chair:** Is there a good balance?

[Translation]

**Mr. Yvon Godin:** If that doesn't work, we'll invite the clergy.

[English]

**The Chair:** That gives us about 15 presenters, and at first blush, at first look, it deals with some seasonal workers, several business sector representatives, trade unions—

[Translation]

**Mr. Yvon Godin:** Mr. Chair, we can divide the presenters into groups. For example, the labour federations can be grouped together with the CLC. That's how we proceed. We grant them five minutes each and we ask them questions.

[English]

**The Chair:** Could we look at perhaps five presenters per meeting and group them? Would that make sense?

Peter.

**Mr. Peter Van Loan:** Some of them are obviously appropriate for panels.

**The Chair:** Yes.

Mr. Godin.

[Translation]

**Mr. Yvon Godin:** Personally, Monday afternoons suit me, as do Monday evenings. Wednesdays are perfect.

**Mr. Jean-Claude D'Amours:** No problem for Wednesday afternoon. However, I have commitments with another committee on Mondays from 4:00 to 5:00 p.m. I would like it to be after 5:00 p.m.

**Mr. Yves Lessard:** On Mondays, I'm in the House until 7:00 p.m. It should be after 7:00 p.m.

**Mr. Jean-Claude D'Amours:** Yes, but that's no problem. As far as I know, committees have priority. I'll be in the same situation at times as well.

If it could be after 5:00 p.m. on Mondays, that would enable me to wrap up my other committee.

● (1320)

[English]

**The Chair:** So will we look at Monday nights from 7 p.m. to 9 p.m.? Hopefully we'll have lots of coffee. Your chairman is up at 4 a.m. on Monday—which is 3 a.m. this time—but with enough coffee we'll be able to get through this.

We should be able to do Monday, Wednesday, and Wednesday—three sessions. Could we do the Monday night when we come back? That would be Monday, November 15. We'll do Wednesday, November 17, and Wednesday, November 24. We'll do five witnesses each day.

We'll offer drafting instructions at the end of the session on Wednesday, November 24.

**Mr. Jean-Claude D'Amours:** What time will that be on the Wednesday afternoon?

**The Chair:** It will be 3:15 to 5:15 on Wednesdays. We're comfortable with that?

The point is being made that maybe not all witnesses would be available; they'd be requested to testify.

**Mr. Peter Van Loan:** They may double up.

**The Chair:** So we're okay with leaving that in the hands of the clerk?

**Some hon. members:** Agreed.

**The Chair:** Is there any other further business? No further business.

I guess that calls our meeting to a close.







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