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Chair

Mr. Dean Allison

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

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• (1535)

[English]

The Chair (Mr. Dean Allison (Niagara West—Glanbrook, CPC)): Pursuant to the order of reference of Wednesday, September 30, 2009, we will commence clause-by-clause consideration of Bill C-304, an act to ensure secure, adequate, accessible, and affordable housing for Canadians.

(On clause 5—*Conference to be held*)

The Chair: I'll go back to where we were when we met on Tuesday. We were at clause 5, and we were looking at amendment LIB-16, which is on page 17.1.

You'll notice that the package you have before you today contains considerably less than what we started with on Tuesday. There's not a whole lot left to work on.

I'm going to turn the floor over to Mr. Kennedy. I believe he was talking about amendment LIB-16.

Mr. Gerard Kennedy (Parkdale—High Park, Lib.): I'm actually asking for your indulgence, Mr. Chair, and that of the committee. There's a slight wording change to amendment LIB-16, and I think that's being distributed now.

The Chair: Okay, so do you want unanimous consent to withdraw amendment LIB-16?

Mr. Gerard Kennedy: No, I'm sorry, Mr. Chair, if you would give me just a moment, I want to make sure I have what I need.

The Chair: Okay. Go ahead.

Mr. Gerard Kennedy: Thank you, Mr. Chair.

We'll withdraw the first one in order to consider amendment LIB-16.01.

The Chair: All right. Do we have unanimous consent to withdraw amendment LIB-16?

Some hon. members: Agreed.

The Chair: So then we'll turn to page 17.2, amendment LIB-16.01, and I will turn the floor back over to Mr. Kennedy to speak to that motion.

Mr. Gerard Kennedy: Again, just to remind the committee, this is setting up a process so that there is a consequence to the bill itself, first for measuring outcomes, and then for taking in complaints. This just streamlines it a bit from the motion that was pulled back, but

that's essentially what we're doing in the spirit of the bill that has been brought forward.

The Chair: Is there any discussion on amendment LIB-16.01?

Go ahead, Mr. Jean.

Mr. Brian Jean (Fort McMurray—Athabasca, CPC): Mr. Chair, I believe this bill doesn't, as a rule, require royal recommendation.

The Chair: That is correct.

Mr. Brian Jean: How do you set up a reporting process for complaints without money? Perhaps Mr. Kennedy could address that. Obviously it's talking about setting up a reporting process for addressing complaints, and I'm not sure how a government sets that up without some form of financial remuneration for the people who would receive those reports, unless they just go into possibly an e-mail that's not answered.

• (1540)

Mr. Gerard Kennedy: Mr. Chair, this type of provision has been ruled on numerous times. In other words, it's not the granting of money; it's not the distribution of money. Processes in the ordinary course of government can be determined by governments at that time. They could fund it a little, a lot, or not at all. In other words, that process might turn out to be inadequate. This simply provides for its existence. How it's made into existence is a prerogative of the government of the day.

The Chair: I'll just comment on that, Mr. Jean. This is about developing the national strategy, not about implementation.

Mr. Gerard Kennedy: Thank you, Mr. Chair.

As you can see, it says "a process for". It doesn't say to put in place the actual independent review.

Mr. Brian Jean: That's interesting. Thank you.

As a matter of interest for future reference, does Mr. Kennedy have a reference for that from Marleau and Montpetit or any other source? I've not seen it and I'm a bit of a junkie.

Mr. Gerard Kennedy: I wasn't referring to Marleau and Montpetit, or Bourinot, or anyone else. Just for your general awareness, and I'm sure you'll pick this up in other committees, this is the kind of language that is permitted for private members' bills. It's not new to this.

Mr. Brian Jean: Thank you.

The Chair: Okay. That's why we have our legislative clerks with us.

Is there any other discussion? I'll call the question on amendment LIB-16.01.

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

The Chair: I'll ask you to turn to page 18 in your handouts and look at amendment LIB-16.1.

Once again I will turn the floor over to Mr. Kennedy to speak to that motion.

Mr. Gerard Kennedy: Very briefly, Mr. Chair, Canada has been a signatory, but has been subject to United Nations review on its human rights compliance with respect to adequate housing for decades now, and it has had no vehicle with which to address the recommendations that come from our engagement with the international community. This provides for that, again, in developing such a review and follow-up basis.

The Chair: All right, is there any discussion on this?

I'll call the question, then, on L-16.1.

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

(Clause 5 as amended agreed to)

(On clause 6—*Report*)

The Chair: We have a proposed amendment on page 19, the next page in your handouts, and it is L-18.

Once again, Mr. Kennedy, I'll turn the floor over to you to discuss that amendment.

Mr. Gerard Kennedy: Thank you, Mr. Chair.

This is simply a conforming amendment that recognizes the work the committee just did in adding clauses, to make sure it's in compliance.

The Chair: Is there any discussion on amendment L-18? No.

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

(Clause 6 as amended agreed to)

(On clause 2—*Definitions*)

The Chair: Now we're going to come back to the clauses that we stood down. On clause 2 we have an NDP motion, NDP-1, so we're going to turn back to the first page in your handouts again, to NDP-1 on page 1. If we're all there, then I will get Ms. Leslie to talk to the amendment, then we can have any discussion there is.

Ms. Megan Leslie (Halifax, NDP): Thank you, Mr. Chair.

This would actually add something to the definitions section, specifically "aboriginal community", and it defines it as "a community made up of Métis, Inuit, or First Nations peoples, whether or not that community is situated on a reserve". We're bringing forward this amendment to clarify that this act does apply to Métis, Inuit, and first nations people who live either on-reserve or off-reserve, are urban or rural, recognizing that more than half of the status Indian population live off-reserve, and aboriginal Canadians

do live in urban centres but also disproportionately face housing insecurity and homelessness. This would be a recognition of that.

Thank you.

• (1545)

The Chair: Is there any discussion on this? No.

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

The Chair: We're going to move to the second page in your handout, and it's NDP-2, and I will ask Ms. Leslie to speak to this.

Ms. Megan Leslie: Thank you, Mr. Chair.

This would actually remove the word "disadvantaged" from this definition. It's the word "disadvantaged" in reference to people with a physical disability. This was actually raised directly with us by a witness, recognizing that while people with physical or mental differences may face greater challenges or face more barriers than other people, they shouldn't necessarily be equated with a disadvantage. We really welcomed that feedback from the community and we're moving to remove the word "disadvantaged".

The Chair: Okay, thank you.

I'm going to rule this amendment out of order. This amendment seeks to make substantive modification to the definition of accessible housing in the interpretation clause. The *House of Commons Procedure and Practice*, second edition, page 769, states:

The interpretation clause of a bill is not the place to propose a substantive amendment to a bill. In addition, an amendment to the interpretation clause of a bill that was referred to a committee *after* second reading must always relate to the bill and may neither exceed the scope of nor be contrary to the principle of the bill.

It is with that opinion that I will rule that substantive and, therefore, inadmissible.

Yes, Ms. Leslie.

Ms. Megan Leslie: Thank you, Mr. Chair.

I am a bit new to parliamentary procedure, so I'm looking for guidance. The ruling is that it's out of order. I'm wondering, if there were to be unanimous consent from this committee to agree that despite it being out of order this is very important to the bill and important to various disability communities, would it be possible, with unanimous consent, to get around this somehow?

The Chair: My understanding is that the only way this could happen is if you were to challenge the chair.

We are going to move, then, to—

Mr. Brian Jean: Mr. Chair.

The Chair: Yes, did you want to challenge me?

Mr. Jean, go ahead.

Mr. Brian Jean: As you know, Mr. Chair, I'm always challenging you.

I'm just wondering if the clerk can tell us about the constitutionality of this particular clause. I haven't seen the whole clause, but it might be inclusive, whether or not it's mentioned as a result of constitutional issues that have risen again. And I'm not sure what clause it refers to, but it might in fact be.... The Supreme Court has ruled in relation to various sections of this, including child of a marriage.

The Chair: I don't think they're prepared to give advice on constitutionality.

Mr. Brian Jean: So it might be included anyway. Whether or not it's included in the bill is what I'm asking.

The Chair: Mr. Komarnicki.

Mr. Ed Komarnicki (Souris—Moose Mountain, CPC): I just want to make a note for the record. The committee has chosen, the majority in opposition, not to appeal the ruling of the chair because of the fact that it's not within the context of the bill or within the objective of the bill in terms of the definition, yet appealed the decision of the chair on a matter that was fundamental to this bill that would make it a less-than-national national housing policy. And I think that's regrettable.

The Chair: Thank you, Mr. Komarnicki.

We're going to move now to....

Yes, go ahead.

Mr. Gerard Kennedy: Just for other times, and also for the edification of the.... The disability community would like to see different language start to work its way in. And I'm wondering if there's a little bit of guidance in terms of.... I know this is a restrictive area of the bill, the definition section, but is it possible, for future work, that some further detail could be provided on this part in terms of why the ruling was made, and so on?

The Chair: Once again, if it had been part of the original bill, there would be no issue. Now that it's gone past second reading, we can't go back and change definitions. As I understand it, there would have been no problem changing the definitions in the original bill as it was presented before second reading.

Mr. Gerard Kennedy: I see.

The Chair: Go ahead.

Mrs. Lucie Tardif-Carpentier (Procedural Clerk): If we're able to make an amendment elsewhere in the bill that would make the change in the interpretation clause necessary or admissible—

● (1550)

The Chair: Mr. Lessard, sir.

[Translation]

Mr. Yves Lessard (Chambly—Borduas, BQ): This is important. I am happy that our colleague, Mr. Jean, has brought up this matter, because I wonder what this would in fact change, in the end. It seems to me that the removal of the qualifying term “disadvantaged” would eliminate the arbitrariness of the matter. Indeed, this would call into play a form of judgment.

Who is disadvantaged by age? It seems to me that the question should be put. My impression is that the word “disadvantaged” gives the provision a meaning that could discount the entire value of the text. I am asking the question because were we, by chance, to decide

to pass the amendment, the only word that would disappear would be “disadvantaged”. The only thing that would then be left to do would be to make the corresponding changes wherever the term “disadvantaged” is used.

Someone might be able to tell me at what stage one becomes disadvantaged by one's age. I also put the question to our colleagues from the NDP. Is it at my age or at yours, Mr. Chairman? At what stage is one disadvantaged by a disability? The question is the same whether it is a mental disability or a physical disability. It seems that this term creates a certain ambiguity, and that it must be removed. I am not challenging your decision for now, but I would like to better understand it.

[English]

The Chair: Go ahead, Ms. Leslie.

Ms. Megan Leslie: Thank you, Mr. Chair.

First, I do want to have it on the record that the parliamentary secretary has made assumptions about our decision not to challenge the decision of the chair, and those are just assumptions.

But I would like to seek your advice about clause 3 of the bill, as it stands. Paragraph 3(3)(c) states:

provides access for those with different needs, including, in an appropriate proportion, access for the elderly and the disabled, and reasonable design options;

What I would like to know from the clerk is whether, if we agree, we could amend paragraph 3(3)(c) to say, “access for those challenged by age and disability”. Would that be enough to trigger the ability to amend the definition?

The Chair: Yes, if we are going to go back and look at clause 3—because it has already been passed—we'd need unanimous consent to go back and deal with that. At this point I could seek unanimous consent. I'm not sure that's going to be—

● (1555)

Ms. Megan Leslie: I'd appreciate it if you would seek that.

The Chair: Sure. I'll see whether there's unanimous consent to go back to clause 3 to reopen it, in terms of a definition.

Mr. Ed Komarnicki: If there is a ruling to be made, your option is to appeal. You did previously on a more fundamental issue, you didn't on this one, and that's your choice. There won't be any consent to change that.

The Chair: There is no consent, then, in terms of that.

Mr. Gerard Kennedy: Mr. Komarnicki was speaking, and I was looking to be recognized, hoping to appeal to members. This is something that hopefully is not about partisanship; it's simply about respecting the disability community. This was a workaround available for the bill, and therefore I was hoping the members opposite might recognize that in terms of drafting, this would improve the outcome in the eyes of people who are affected.

Mr. Ed Komarnicki: We tried for about an hour to reach a bunch of your colleagues when you were away last week to say that the Speaker's ruling shouldn't have been appealed, because fundamentally you couldn't do what they intended to do and have this bill go through, and it didn't. So there's no point in prolonging—

The Chair: We have a list going on here. I'm going to go to Mr. Jean.

Mr. Jean, you have the floor.

Mr. Brian Jean: I was just wondering, Mr. Chair—and I'm just a stickler for procedure; I'm interested in it—can anybody challenge the chair, or does it have to be the proponent of the amendment?

A voice: I think anybody can.

Mr. Brian Jean: So in fact, Mr. Kennedy could challenge the chair on his ruling. Right, Mr. Kennedy?

The Chair: Exactly.

Mr. Brian Jean: If you look at the record, I just mentioned that you could challenge the chair in relation to his ruling. It doesn't have to be the proponent of the motion.

Mr. Gerard Kennedy: I'd be happy to respond, Mr. Chair.

The Chair: Okay, hold on a second here. We have Mr. Kennedy, and then Mr. Lessard.

Go ahead, Mr. Kennedy.

Mr. Gerard Kennedy: Again, we're in a situation today where there's an opportunity to work on behalf of the people affected by mental and physical disabilities, to put in language that respects them better. Therefore, to the extent that it's still possible, Mr. Chair—I don't want to waste your or anyone else's time—I appeal to the members of this committee to see this as a non-partisan effort we could make in this narrow application, because I think it would be received by that community—

The Chair: I'm actually going to go to Mr. Lessard.

As far as I am concerned, we're done dealing with amendment NDP-2, so we're going to move on to amendment L-1. There will be no more debate on this particular issue.

But I'm going to ask you if you have a comment or if there is a different perspective here.

[*Translation*]

Mr. Yves Lessard: We are still dealing with amendment NDP-2, Mr. Chairman, are we not?

[*English*]

The Chair: I made a ruling on NDP-2 and my decision stands, unless I'm being challenged. If not we'll move on to L-1.

[*Translation*]

Mr. Yves Lessard: Mr. Chairman, our colleague, Mr. Kennedy, is perfectly right in saying that this is not a matter of partisanship. There is much wisdom, I suggest, in what he has brought forward. Once I am finished with this, I will not utter another word, I promise. Our colleague, Ms. Leslie, made a suggestion that is to my mind more appropriate. Age and disability are not factors that disadvantage a person; these are factors that create new challenges. Therefore,

to state that a person is disadvantaged by age is pejorative, Mr. Chairman, and amounts to ageism.

My challenges, for example with regard to physical strength, are not the same as those of Mr. Savage, because he is a sturdier man. I am not disadvantaged; these are simply challenges. It is the same thing for an elderly person. In the case of a public building with a heavy door, accommodations must be made in order for the operation of the door to be compatible with the physical strength of the people who will be using it, because it is a challenge for them.

That is all, Mr. Chairman. I would respectfully submit to you that there is much wisdom in the suggestion made by our colleague, Mr. Kennedy. It would be much more appropriate to talk of challenges due to age, one's physical condition, etc.

[*English*]

The Chair: I asked if there was unanimous consent to open up clause 3. That is not the case, so we're done with that issue.

We'll move to amendment L-1 on page 2.1.

Mr. Kennedy, would you like to speak to the L-1 amendment?

[*Translation*]

Mr. Gerard Kennedy: Thank you, Mr. Chairman.

This measure is necessary in order for the definition to fit with the change made in the other part of the bill. This motion adds education, recreational activities and health care services to the other definitions of basic needs.

● (1600)

[*English*]

The Chair: Is there any discussion on this?

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

(Clause 2 as amended agreed to)

The Chair: Shall the preamble carry?

Some hon. members: Agreed.

The Chair: Shall clause 1 carry?

Some hon. members: Agreed.

The Chair: Shall the title carry?

Some hon. members: Agreed.

The Chair: Shall the bill as amended carry?

Mr. Ed Komarnicki: Given that there was a challenge to the chair's ruling, there's a possibility it will be taken to a further level. Should this committee not wait to pass the bill until a definitive decision is made on that?

In light of the fact that there was great debate about the basis upon which the chair was overruled—which I found to be groundless, with no premise under it—I wonder whether the members might consider unanimous consent to hold the bill back until we have a determination from a higher level that we have some reference to common sense and logic.

The Chair: I see lots of hands.

Mr. Lessard is next and then Ms. Leslie.

[Translation]

Mr. Yves Lessard: Mr. Chairman, the Speaker of the House has always said, in such circumstances, that committees are masters of their procedures. In this case, the Committee is master of its process, and has already dealt with the amendments at Clause 3.

[English]

The Chair: Thank you.

Ms. Leslie.

Ms. Megan Leslie: My understanding is that we actually report the bill to the House, and then at that point the issue of the challenge to the chair is raised with the Speaker. So to unanimously consent not to report to the House means this bill dies.

The Chair: I think that's pretty close.

Anyway, I'm going to go back, then, if that's all the discussion on that. I don't think I'm going to have unanimous consent to withhold the bill at this stage, so I will ask the question.

Should the bill as amended carry?

Some hon. members: Agreed.

The Chair: Shall I report the bill as amended to the House.

Some hon. members: Agreed.

The Chair: Last, shall the committee order a reprint of the bill? I really hope we have a reprint of this bill or we're going to be in trouble.

Some hon. members: Agreed.

The Chair: Thank you very much, everyone, for the cooperation in moving through that.

Yes?

Ms. Megan Leslie: Just a question. Will the report to the House be tomorrow?

The Chair: I'll talk it over with the clerk and the legislative clerk to see if all the work can be done by then, and if that's the case, then we'll see what we can do.

Ms. Megan Leslie: Thank you, Mr. Chair.

The Chair: Mr. Kennedy.

Mr. Gerard Kennedy: I want to express a brief appreciation for the chair and the cooperation of the committee. There were a lot of amendments that were in the spirit of improving the bill, and we appreciate the way they were conducted through this session. Thank you.

The Chair: Okay.

I'm going to suspend for a minute so we can bring our witness in, and then we'll get started early, which means we can probably get finished early as well.

• (1600)

(Pause)

• (1605)

The Chair: Okay, perhaps I could get all the members back to the table. It's now ten after four, so if we could get started, then we could probably be finished by ten after five, although I realize bells are probably not going to be until about 5:22.

What I'm going to do is just read in the motion that this committee adopted. It reads:

That an independent actuary of the choosing of the opposition be invited to appear before the Committee for one hour before Christmas 2009 to give an independent analysis of the soundness, the rate setting, premium setting, and cost estimates of Bill C-56, An Act to amend the Employment Insurance Act and to make consequential amendments to other Acts.

So I will welcome Mr. Bédard right now.

Sir, welcome. You have an opening statement, so we'll turn the floor over to you, and then, as usual, we'll go through our questions from the members of Parliament.

Welcome, sir, the floor is yours.

[Translation]

Mr. Michel Bédard (Consultant, As an Individual): Thank you, Mr. Chairman.

My name is Michel Bédard, and I thank you for your invitation to testify before the Committee concerning Bill C-56. I am an actuary by profession and I am appearing in my personal capacity. I was Chief Actuary to the Employment Insurance Commission from 1991 to 2003. I have also completed a number of missions for the International Labour Office as an employment insurance consultant.

I support the principle of the bill, namely the extension of special employment insurance benefits to the self-employed, but several aspects of it are problematic. My first comments relate to the financial aspects of the plan.

First, the new benefits would cost about \$305 million in 2014, with about \$212 million in parental benefits, that would be paid totally outside of Quebec; \$93 million in sickness benefits, that would be paid out countrywide; and less than one million dollars in compassionate care benefits. The cost of these benefits represents 2.5% of insurable earnings in the case of parental benefits, and 0.9% in the case of sickness benefits, for a total of 3.40%.

These calculations are based on data from Human Resources and Skills Development Canada, as supplied to your committee. In broad terms, the Department assumed that all those who joined the plan in order to receive parental benefits would ultimately receive them, or leave the plan, whereas in the case of sickness benefits, only 10% of the newly ensured would receive benefits.

What does Bill C-56 propose?

In 2014, a deficit of \$86 million outside Quebec and a surplus of \$18 million in Quebec, with contribution rates of 2.33% and 1.96% respectively. A rate of 1.96% in 2014 for self-employed workers in Quebec would thus represent double the forecast cost for this protection alone, the cost being 0.9%. This would be four times the rate now applicable to wage-earners for sickness and compassionate care benefits. This rate presently sits at 0.41%. We can calculate that at 1.36%, which was the rate in 2010, revenue in Quebec would already exceed costs. A representative of the Department confirmed this, stating before the Senate Standing Committee on National Finance that with a rate of 1.36%:

• (1610)

[English]

The typical self-employed individual in Quebec will receive benefits roughly equivalent to what the individual pays in premiums.

[Translation]

If so, why expect the rate to rise in the future? Together, these financial impacts therefore constitute the first stumbling block, in my opinion.

Second, the voluntary nature of the proposed system requires the government to impose strict conditions on those who wish to take advantage of it, in order to protect against opting out and abuse. There would accordingly be a waiting period of 12 months, which is much longer than what private schemes apply. Even in California, the comparable period is six months, for those who join the voluntary scheme for self-employed workers, and which it too is a disability insurance plan.

A third aspect that poses a problem, and will discourage participation in the plan, is the rule that would commit for life those who have received even minimal benefits, particularly for sickness. Have we ever seen income insurance that demands a lifetime of contributions after a minor claim? In California, the voluntary portion of the public disability insurance plan allows withdrawal after two years.

Fourth, if someone joins the plan mid-year, Bill C-56 would require that they wait 12 months for coverage, but would require them to pay benefits for the entire year. Why not arrange to prorate contributions in such cases? As an alternative, the plan provides for those who register from January to March 2010 to qualify for benefits from January 1, 2011. Why not provide a similar clause for every year?

Fifth, and last, the employment insurance plan already includes a refund of contributions for those earning under \$2,000 a year, since they do not qualify for benefits. Should there not be a similar clause in this voluntary plan, but based on a level of \$6,000?

What are we to make of all of this?

Firstly, financially, with regard to these new benefits, it is inappropriate to adopt artificially the general rate for employees. Rather, we should select a funding mode that is proportional to the cost of the new benefits, and relatively stable.

Secondly, in order to fund a social benefit, namely parental benefits, while making it voluntary, the government found it

necessary to impose strict limits. Among other things, these limits will have the effect of discouraging many potential participants, and make the system much less effective as a way of protecting incomes.

That is the gist of what I had to say.

[English]

I'll be pleased to answer any questions.

Thank you.

The Chair: Thank you very much.

What we're going to do, then, is start with the Liberals.

Mr. Savage, you have seven minutes.

• (1615)

Mr. Ben Lobb (Huron—Bruce, CPC): I have a point of order.

My understanding from the last meeting we had on Bill C-56 was that we were going to have an actuary come to actually investigate the numbers.

Hon. Maria Minna (Beaches—East York, Lib.): Is he not an actuary?

Mr. Ben Lobb: Yes. I wasn't finished my statement, though.

I don't see anything new here compared to what we saw at the last meeting. I just wondered if Mr. Lessard is satisfied with the level of detail in this report.

The Chair: We'll go around the room with questions.

We'll go to Mr. Savage.

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

Thank you, Mr. Bédard, for coming and for coming a couple of weeks ago when you flew standby. Today you had a guaranteed ticket. Thank you for coming back. I appreciate that.

I certainly don't agree with Mr. Lobb. There's a whole bunch of information in this, certainly, that wasn't made available to us when we had a look at this bill.

I've raised questions about the premium setting. I've raised a lot of questions about the deficit that will be on this fund, which we weren't given initially and were only given in response to our questions. Madame Folco has talked about the premium rates. My colleague Ms. Minna has spoken about the gender inequities, potentially, in this bill and how it relates to regular EI.

You've given us a lot of information. When I saw this this morning, I thought there was a lot of stuff here that would be of interest. If you were still the chief actuary of the EI Commission, if there were still the EI Commission as it was and you were still the chief actuary, would you sanction Bill C-56?

Mr. Michel Bédard: If I were still chief actuary, it would not be my responsibility to sanction. A bureaucrat offers advice and then stands back and lets the political leaders reach whatever decision they will.

Mr. Michael Savage: That's fair enough.

Would you, as chief actuary, have raised these questions and insisted that these would make the bill an ineffective bill?

Mr. Michel Bédard: I certainly would have raised these questions in the same way as I am raising them before you, but I would have stood quiet afterwards.

Mr. Michael Savage: There are a number of things of interest here. You've raised a huge number of questions. I'd like to ask you if you are able to tell us, in order, what the biggest flaws in the bill are.

Mr. Michel Bédard: Well, the biggest flaw, from the financing side, is that premiums are not aligned to the costs of the benefits. They are, in a way, but only artificially so. They're aligned to the general premium rate, and the general premium rate, everyone knows, basically varies according to unemployment rates. It doesn't vary according to the costs of these special benefits. And it will be increasing over the next few years. For Quebec in particular, it's obvious that the general premium rate that is already in place is already more than sufficient, so why should that particular rate have to go up?

That's my main concern.

Mr. Michael Savage: That's the biggest concern?

Mr. Michel Bédard: Yes.

Mr. Michael Savage: You see, when the minister appeared and when officials appeared, we asked about this. We asked who had looked at this bill. The minister continually said that because it's an optional program, they don't know what the costs are going to be, etc. We understand that, but whenever you introduce a program, there's a certain level of rigour that one expects to come with it. We weren't told that it was going to cost anything. We were told it would be self-sustaining. On the other hand, it never made sense that the minister could state with certainty that it would be self-sustaining when she also said that it was optional and they didn't know.

It's a difficult process. We all support, as you do, the idea of employment insurance for the self-employed. The question is whether this bill is the answer. It is being rushed? Was it put together quickly to get it out the door? Those are the things we've had to wrestle with. That's difficult.

Let me ask you this. Now that you're not the chief actuary but have all the knowledge inherent to having been that, do you think it makes sense that the funding should come from the EI fund, as opposed to the consolidated revenue fund?

Mr. Michel Bédard: Well, there are a lot of components to the EI Fund, and they're not all self-financing. Benefits for self-employed fishermen are certainly not self-financing; nor are benefits for construction workers. In general, these are all within a pool. I would see logic in having this within the same pool and the people who join could be charged the same premium rate as the people who are already in the pool, are currently being charged, and that would be 0.41% for sickness benefits, and for maternity or paternity, parental benefits, 0.88%, I believe. Table 4 will provide you with that information. Yes, it would be 0.88%, so it would be a combined rate of 1.30%.

• (1620)

The Chair: Okay, hold on. We have a point of order.

Ms. Raymonde Folco (Laval—Les Îles, Lib.): Yes. I find it disrespectful of the members opposite. This gentleman has been invited to come and give us information. I think he should be heard.

The Chair: Thank you very much.

Mr. Jean.

Mr. Brian Jean: On that point, Mr. Chair, I was actually confirming some things with our officials in relation to his testimony.

Ms. Raymonde Folco: I'm sorry, Mr. Jean, generally speaking.

The Chair: Mr. Savage, the floor is back to you.

Mr. Michael Savage: Thank you very much.

Can you reiterate for me what, in your view, the rates should be for the self-employed in Quebec to opt in just for the sickness and compassionate?

Mr. Michel Bédard: There's a policy decision to be taken. Either everyone is included in the general pool, and then the premium rate would be 0.41%, or one wants to make these benefits self-financing, and then the premium rate should be in the order of 0.9%.

Mr. Michael Savage: Okay. But it certainly should not be 1.36%

Mr. Michel Bédard: It should not be 1.36%, nor 1.96%, which will prevail in 2014.

Mr. Michael Savage: Okay. We suggest to you that the first year the plan provides that those who register between January and March can qualify for benefits from January 1. Does it make sense to have that for every year, as opposed to just for the first year?

Mr. Michel Bédard: I would say yes. Why wouldn't there be an enrolment period every year? That's certainly one approach. The 12-month probation period is quite a lengthy one, in any case. Does it always have to be 12 months? I understand that for maternity benefits one may suggest that 12 months is the proper period to prevent what would be called anti-selection. On the other hand, that harkens back to—I don't know if you remember—what used to be called the “magic 10” rule, under which women had to be in the labour force between the thirtieth and the fiftieth week before the child was born. That was abandoned in the mid-1980s. This sort of reintroduces that measure, but for self-employed workers only.

Mr. Michael Savage: Okay. I have one other question. I'm not sure if you can answer this.

The government wants this in place. It wants it to go through both houses of Parliament and receive royal assent before January 1, which seems very unlikely. Is there any reason this couldn't be backdated if it got royal assent in February or some other time, in order to include people? Is there any reason that it couldn't be backdated to January 1 if it received royal assent later?

Mr. Michel Bédard: That's a technical matter, but to me it would seem feasible. Officials would have to implement some proper procedures. It doesn't seem to be—

Mr. Ed Komarnicki: On a point of order, Mr. Chair, as an actuary you deal with the numbers—

A voice: I know. They understand the procedures.

Mr. Michael Savage: Mr. Chair, excuse me.

He worked for the EI Commission.

Mr. Ed Komarnicki: Let me have my point of order, Mr. Savage, and then you can speak your piece.

The point of order is that I think the question is not relevant to why we have the actuary here. It was so the committee could talk about specific costs, numbers, participants, and how he arrived at his numbers, but not about government policy, the government decision, or what process can be taken in terms of passing it or not passing it through the House in this session.

The Chair: Thank you.

Mr. Savage, you have about 15 seconds left. I put some extra time on because of the two points of order.

Mr. Michael Savage: I just want to thank him very much for coming back and providing us with this information. I appreciate that.

Mr. Michel Bédard: Thank you.

The Chair: Thank you.

Mr. Lessard.

Mr. Ron Cannan (Kelowna—Lake Country, CPC): Chair, I'm sorry, before we proceed, I want to clarify one question that Mr. Savage asked.

You're saying that you feel each year there should be a three-month window—

The Chair: When you guys have your turn, you can do that.

We have to have a little order here.

Mr. Lessard, the floor is yours.

[*Translation*]

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

I would also like, at the outset, to thank Mr. Bédard for sharing his experience with us. Not only is he an independent actuary, given his retiree status, but he is one of the most relevant witnesses with regard to Bill C-56, because I know that he himself was chief actuary for 12 years.

Mr. Chairman, I would like to add that Mr. Bédard's appearance here required a lot of courage, given the climate of adversity that we sense within the committee, on the part of our colleagues. This is deplorable, and I say this to you as a friend. There is a minimum amount of courtesy and respect that we must show to those people who come here to appear before us, unselfishly and with no self-seeking interest.

Mr. Bédard, you say that the costs for Quebec are too high...

• (1625)

[*English*]

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

Mr. Lessard, we have a point of order.

Mr. Ed Komarnicki: Just for the record, I don't think Mr. Lessard reads this quite right. I don't think because he says it's so it makes it so. And I take objection to his saying that we don't treat this witness with respect, because we absolutely do and we have respect for him, which means we're entitled to question him as well.

I don't agree with him, and I don't accept that on a matter of record.

The Chair: Thank you.

Mr. Lessard, the floor is back to you, sir.

[*Translation*]

Mr. Yves Lessard: Mr. Chairman, I would like Mr. Komarnicki to behave himself in the same way as his colleagues.

Mr. Bédard, let us come back to the questions.

You say that in fact, for Quebec, it is too costly and that, for the rest of Canada, there is a shortfall given the commitments, the real benefits. Could you remind us of the extent to which it is too costly for Quebec and of the extent to which the cost is not sufficient for the rest of Canada?

Mr. Michel Bédard: For Quebec, the surplus for 2014, with the premiums anticipated at that time, would be in the order of \$20 million. The exact number that appears in my table is \$18 million.

Outside of Quebec, with the contribution rates announced for 2014, there would be an overall deficit of \$86 million, with a net deficit of \$68 million. The Department has referred to a deficit of \$78 million. I obviously do not have all of the detailed assumptions of the department, but it must be stated that the data supplied by the department is quite minimal and that one has to somewhat guess at what is hidden behind the few numbers that it has supplied.

I might also add that I found an error in one of its tables. This was as a matter of fact confirmed by the department.

Mr. Yves Lessard: What would the equilibrium ratio be between Quebec and the rest of Canada? We for example know well that the benefits predicted for Quebec would be fewer, because Quebec funds its own program, its own parental and maternity leave program. Therefore, this coverage would apply only to sick and compassionate benefits. However, for the rest of Canada, the program covers all of the benefits. Therefore, there is a break-even rate that could or should normally apply to each group. In your opinion, what break-even rate should apply now and over time into 2014, or in 2014 — I do not know if you have done a progressive calculation of it —, in both cases, in other words for Quebec and for the rest of Canada?

Mr. Michel Bédard: This is provided in Table 1. For Quebec, the rate would be 0.9% of insurable earnings, and for the rest of Canada outside Quebec, it would be a rate of 3.40%. These are the rates which, according to the department's data, would provide for a break-even situation between the monies received and the monies paid out.

Mr. Yves Lessard: When we saw the contribution rates as presently set out, in other words the contribution rates for the system as a whole, a question immediately came to our minds. We found it an odd coincidence that the rate was the same as the general contribution rate. We do see, upon further investigation, that there is a gap between the two. You have made comparisons with the implementation of the plan as such, and one of the examples you provided is that of California.

My question is somewhat in line with that of my colleague, who was asking what the disadvantages of this system are. Could the Californian scheme enlighten us with regard to a different implementation that might be useful to us with regard to what we are presented with here, and more particularly, relating to the eligibility waiting period, the duration of eligibility and the experience with the system there?

• (1630)

Mr. Michel Bédard: The Californian system is a system that is both similar and different. For salaried workers, the system provides 52 weeks of benefits at a rate that could reach as high as nearly 1,000 \$ a week. For self-employed workers who chose to participate, 39 weeks of benefits are available at the same rate, after a one-week waiting period, following a six-month trial. People are free to withdraw from the system after two years if they so wish. In this scheme, there are also family benefits that are similar to our maternity and parental benefits, but their duration is of only six weeks. They are therefore less generous, and would probably not bring about the additional costs that we would have with our system, obviously, because our one year of benefits are much more generous than California's six weeks. Nevertheless, their scheme covers a series of benefits that are quite similar.

Mr. Yves Lessard: Just like you, we agree with the principle of the bill because it is the first time that these entitlements are being extended to the self-employed. I believe that you did underscore this fact. However, if the bill is adopted as is, there will be one difficulty for self-employed workers, independent workers. There are a lot of self-employed individuals who are rejoicing at present, but they do not know that if they benefit from a short period of compassionate or sick leave, they will be required to pay in for the rest of their lives.

[English]

Mr. Brian Jean: I think Mr. Cannan had a point of order in relation to Ms. Folco and Ms. Minna making a conversation.

Hon. Maria Minna: I was asking my colleague for an opinion.

The Chair: All right.

Hon. Maria Minna: In the spirit of Christmas.

The Chair: We're over time now. I'm going to ask Mr. Bédard to respond with a quick answer to the question.

[Translation]

Mr. Yves Lessard: Might I get the translation of what was just said?

I did not hear the interpretation of what you stated.

[English]

The Chair: Sure, thank you.

I'm going to ask Mr. Lessard to wrap up his question and then get a short answer, because he is over time. He was just finishing his thought.

[Translation]

Mr. Yves Lessard: Mr. Chairman, I do not understand why I was interrupted. I hope this will not be deducted from my time.

[English]

The Chair: No.

[Translation]

Mr. Yves Lessard: I will therefore resume where I left off, when I was saying that we agree with the principle. A difficulty will arise in the minds of those who will want to get a full understanding of the system. It could indeed prove to be a trap for the people of Quebec, especially with regard to the way it will be used and the fact that after benefiting from it, you will be condemned to pay into it for the rest of your days.

I would like to hear your comments in this regard.

Mr. Michel Bédard: It can be said that an actuary should deal exclusively with numbers, but I am also an expert in insurance plan design and implementation. In the case of an insurance program, you must provide eligibility and access to benefit criteria such that the system will be able to function efficiently.

In this system, requiring people to contribute for life after having drawn a few benefits is to my mind pointless, particularly in the case of sick benefits. As for parental benefits, they become a form of loan that the government grants these people, but then these beneficiaries must pay the money back for the rest of their lives. Furthermore, given that self-employed workers can usually expect to see their income increase as their career progresses and their expertise improves, they will eventually be contributing an amount based on higher earnings than those that the benefits were calculated for.

• (1635)

[English]

The Chair: Thank you very much.

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

Mr. Tony Martin (Sault Ste. Marie, NDP): Mr. Chair, I don't have any questions, but I do have a couple of comments, if you don't mind.

I'd like to thank you for coming. You've certainly clarified a lot of issues and brought another very reliable perspective on this piece of work. It certainly confirms my sense of why I supported the Bloc with their amendment.

It is a different scenario in Quebec, and this creates a disparity that I think at some point needs to be addressed. It could have been addressed had the government been willing to accept some amendments that would have improved this piece of legislation when we were doing clause-by-clause. But nevertheless, here we are.

We had committed to getting this bill back into the House before the end of the term, and in fact, that's where we are. I think had the government been open to it, it would have been the intelligent thing to do. We have people on this side of the House who I think have a lot of sincere and valuable contributions to make. When they are not accepted, it's unfortunate.

Also, I think the numbers in here confirm the concern that the CLC and CAW brought, which is that the larger employment fund at the end of the day will end up paying for some of this because we haven't made it mandatory. That's unfortunate as well.

I moved an amendment in committee that was ruled out of order, but that would have asked the government to consider... And maybe if Ed would hear this, I think it's important. I don't know. But I'm offering it in all sincerity and I think it would be helpful if this expert panel, which has been talked about now on a number of occasions, might be brought in as a further amendment by the government. It could be done at third reading in the House, to establish an expert panel so that we could quickly deal with some of the inequities that I think will almost immediately begin to show themselves as we begin to work with this important piece of public policy, which extends a benefit to a group of people who are obviously in need of it.

Those are my comments.

I want to thank the witness for coming.

I also want to thank the chair for providing this opportunity and Mr. Komarnicki and Mr. Savage for having come to this agreement to actually have him come before us today.

The Chair: Thank you, Mr. Martin.

We're going to move over to the Conservatives.

Mr. Komarnicki..

Mr. Ed Komarnicki: Thank you for appearing on what I would call the Michael Savage motion or amendment.

Mr. Michael Savage: Savage/Komarnicki.

Mr. Ed Komarnicki: This business of being an actuary is somewhat complicated. A lot of it depends on the assumptions you make. Is that true? If you make a different assumption, you'll get a different outcome.

You're shaking your head.

Mr. Michel Bédard: Of course.

Mr. Ed Komarnicki: You're going to have to say yes or no.

Mr. Michel Bédard: Yes, of course. It all depends on assumptions.

Mr. Ed Komarnicki: Yes, assumptions are very important.

Before I get into the actuarial portion, I understand you have some problems with the bill itself. One was the voluntary nature of the system. That's not an actuarial matter; that's a policy matter. Would you agree?

Mr. Michel Bédard: In respect of the costing, it does have an effect, yes.

Mr. Ed Komarnicki: Yes, it will have an impact. Whether you commit people for life once they join a program is another policy decision, is it not?

Mr. Michel Bédard: It is.

Mr. Ed Komarnicki: Yes, and it'll have an impact on the cost.

Why you have to wait 12 months for coverage is also policy issue.

Mr. Michel Bédard: Of course it is.

Mr. Ed Komarnicki: And it'll affect the actual numbers?

Mr. Michel Bédard: Yes.

Mr. Ed Komarnicki: When you were here the week before, I gather you had put some figures together that were distributed to our committee. In that projection, you said the premium rate that Quebecers should pay under Bill C-56 for sickness benefits should be 0.41% or 41¢. You said the other premium would be excessively high. That was based on a premise, an assumption, was it not?

Mr. Michel Bédard: That was based on the assumption that there would be a full pooling of risks. I've indicated this number again, yes.

Mr. Ed Komarnicki: Yes, but that number was given to us on the assumption that the system would be compulsory, was it not?

● (1640)

Mr. Michel Bédard: It was given on the basis that these people could pay the same premium as the salaried workers already included in the EI system.

Mr. Ed Komarnicki: With respect to the 0.41%, was your assumption that everyone had to partake of the plan or that you could voluntarily opt in? Which assumption did you use?

Mr. Ron Cannan: Voluntary or mandatory?

Mr. Ed Komarnicki: Yes.

Mr. Michel Bédard: It could be either, really. It seemed fair to me that these people could pay the same premium as people who are already covered for the same benefits. That was the rationale.

I've also indicated that if we wanted the plan to be self-financing, instead of 0.41%, which would be the full pooling, then the premium should be 0.9%. So the—

Mr. Ed Komarnicki: You mean 0.90%?

Mr. Michel Bédard: I mean 0.9%. So the policy decision is whether one wants self-financing or full pooling.

Mr. Ed Komarnicki: Pooling means that everybody contributes to the pool and they cross-subsidize.

Mr. Michel Bédard: That's right.

Mr. Ed Komarnicki: That was never the policy decision here. It was more about having people pay for the benefits. When you took that into consideration, your percentages went from 0.41% to 0.9%. Is that right?

Mr. Michel Bédard: That's right.

Mr. Ed Komarnicki: That's double what you were prepared to say this would cost last week.

Mr. Michel Bédard: It is greater than the 0.41%, yes.

Mr. Ed Komarnicki: It's over 100% greater.

Mr. Michel Bédard: Yes, it's double—a bit more than double, actually.

Mr. Ed Komarnicki: More than double.

Mr. Michel Bédard: Yes.

Mr. Ed Komarnicki: When you were making your projection on the 41¢ or the 0.41%, you were of the view that about one in 30 who participate would eventually receive a benefit if they paid the premium. Is that not correct?

Mr. Michel Bédard: No, I've always made the same assumptions as the department—one in 10, 10%, for sickness and for maternity/parental benefits. It would essentially be everyone who joins.

Mr. Ed Komarnicki: So when you made the projection of 0.41% or 41¢, you were using the assumption that one in 10 participants would benefit?

Mr. Michel Bédard: You're confusing things. The 0.41% would apply if this was a full pooling arrangement, if they were to pay the same premium. The 0.9% applies to sickness, if you want this to be a self-financing system. It has to be 3.40% to pay the totality of benefits outside Quebec.

Mr. Ed Komarnicki: So you're telling me that when you were using the 0.41% or 41¢, you weren't looking at the number of potential users participating in the plan?

Mr. Michel Bédard: I was again applying the current level of costs incurred under the EI system.

Mr. Ed Komarnicki: What's the ratio currently for participants in the plan compared to those who actually benefit from the plan?

Mr. Michel Bédard: Currently under the EI program, it's roughly 4% of insured people who eventually fall ill, if we're talking only sickness here. Under this plan, it's assumed—and there I'm going on the department's assumption—that it's 10% on sickness.

On maternity and parental, under this self-employed plan, essentially everyone who joins will draw benefits, or they will leave relatively quickly. That's what the department is assuming. I have no reason to challenge that assumption.

Mr. Ed Komarnicki: So depending again on the assumptions, that will determine what the end result will be in terms of the cost, if you're going to be self-costing it, correct?

Mr. Michel Bédard: Yes, of course.

Mr. Ed Komarnicki: If it's a voluntary system, there are certain things that result from that, because you may have something called self-selection. Did you take that into account in your assumptions?

Mr. Michel Bédard: Of course.

Mr. Ed Komarnicki: What did you take into account? What did you assign for that particular aspect of it?

Mr. Michel Bédard: On sickness, I'm using the same assumption as the department, that 10% of people will qualify, which is a bit more than twice the level currently incurred under the EI system.

Mr. Ed Komarnicki: Was that the same assumption you used when you gave us the figures a week ago?

Mr. Michel Bédard: The assumption that I gave you a week ago, again, was on the financing side. It was not on the costing of benefits.

●(1645)

Mr. Ed Komarnicki: When you did the costing of benefits side, you came to the place where you said that essentially the extension of the benefits to the self-employed was not altogether far from being self-costing. In other words, it was pretty close to the benefits being equal to the amount collected from the premiums.

Mr. Michel Bédard: You've lost me somewhere. The current system, as proposed by the government, produces a deficit in the order of \$70 million by year four, by 2014.

Mr. Ed Komarnicki: But you were saying, when you just deal with the Quebec participants, it's pretty close to being self-funding. Is that what you just said earlier today?

Mr. Michel Bédard: At 1.36%, it's a bit more than self-funded.

Mr. Ed Komarnicki: A bit more?

Mr. Michel Bédard: Yes.

Mr. Ed Komarnicki: Then you have to understand that, it being just a bit more than self-funding, you are making a number of assumptions in arriving at that conclusion, and until you actually run the program you won't know for sure, will you?

Mr. Michel Bédard: Obviously you can't know.

The Chair: Okay, that's all the time we have. We're going to move back over to Mr. Savage for five minutes, as we start our second round.

Mr. Michael Savage: On a point of clarification, maybe I'm missing something obvious, but in your numbers, Mr. Bédard, you indicate that in 2014 there will be a deficit of \$86 million in the plan outside Quebec and a surplus of \$18 million, which leads to an overall cost to the EI fund of \$68 million. The number that the department is using is \$78 million. Is there an explanation for that?

Mr. Michel Bédard: It's basically the same result. I don't have access to the department's internal numbers. It could be rounding. They say the average earnings are \$25,000, but maybe it's \$25,400 or \$24,600.

Mr. Michael Savage: You used the departmental numbers in calculating your \$68 million, though, correct?

Mr. Michel Bédard: Yes.

Mr. Michael Savage: Could you explain to me again this table that shows a potential deficit of \$131 million, based on 2010 contribution rates, table 3?

Mr. Michel Bédard: It's simply that if the current premium rates were implemented for this program, in 2014, if the current premium rates were charged at that point, in Quebec there would be a slight surplus, and in the balance of the country there would be a deficit in the order of \$137 million, for a \$131 million net deficit.

Mr. Michael Savage: Explain to me how we know what the rates are going to be in 2014.

Mr. Michel Bédard: Are you asking how the premium rates are going to be in 2014?

Mr. Michael Savage: Yes.

Mr. Michel Bédard: Under the legislation that was adopted in the last budget and in the previous budget, the Canada Employment Insurance Financing Board is to set premium rates, and those premium rates cannot increase by more than 0.15%, although the government can remove that cap. But assuming that the premium rates do increase in the next four years by 0.15% a year, then the premium rates in 2014 would be 196% in Quebec and 233% outside Quebec.

Mr. Michael Savage: To have a deficit of \$68 million instead of \$130 million assumes the maximum 15¢ per year increase.

Mr. Michel Bédard: No, excuse me, all I wanted to demonstrate with the \$131 million was that the current premium rate applied in Quebec is already sufficient, so there's no reason to raise that premium rate any further. However, those current premium rates would produce an even larger deficit outside Quebec.

Mr. Michael Savage: We assume that the premium rates are going to go up anyway in the EI fund. They have to. Payroll taxes are going up.

Mr. Michel Bédard: Those are the plans, as I understand them.

Mr. Michael Savage: Thank you very much.

That's all, Chair.

The Chair: Mr. Lobb, for five minutes.

Mr. Ben Lobb: Thank you, Mr. Chair; and thank you, Mr. Bédard.

I echo Mr. Lessard's comments in that I give you credit as a retired individual for coming before the committee. Maybe at times you question why you're doing it, but I appreciate the effort that you are bringing here today.

With the employment insurance and your experience in it, the idea is obviously fairness in rates for all who pay it. For the benefit of committee, could you go back to one of your initial comments, that a particular sector is not self-financing? I think you mentioned the lumber industry or the forest industry. Maybe you could expand a little on that for the benefit of the committee.

• (1650)

Mr. Michel Bédard: The employment insurance system, as everyone knows, as a social insurance program, charges the same premiums to everyone no matter what their age, gender, risk of unemployment, province, industry, or occupation. Thus, in this scheme, one option would have been to apply the same principle and charge the same premium to these people as everyone else, the alternative being to make the program self-financing. I've given the numbers on the two options.

Mr. Ben Lobb: The number you came up with here was \$68 million in 2014. Those were your numbers based on the information you had. I believe the department has many projections—high, mid, and low, and they may even have some others that they keep tucked

away somewhere else. Did you do high, mid, and low projections as well?

Mr. Michel Bédard: No, I did not.

Mr. Ben Lobb: In terms of your calculations, in your deficit of \$68 million in 2014, we've talked about one in 10, or one in 50, but what rates did you use to calculate your deficit?

Mr. Michel Bédard: I used the same rates as the department is using. It's the one in 10 claim rate, 10% claim rate, for sickness. For maternity and parental benefits, it's essentially everyone who joins, and the department assumes 20,000 people joining per year and 20,000 claiming. Essentially they're saying whoever joins will draw benefits, which seems reasonable under this particular scheme for maternity and parental benefits.

Mr. Ben Lobb: Do you agree with the department's calculation on what a 1% increase to the EI rate for employees would do to raise the level? Do you agree with those numbers?

Mr. Michel Bédard: Is that in terms of the financing that this would produce?

Mr. Ben Lobb: Yes.

Mr. Michel Bédard: Yes, the \$110 million, which was quoted on the overall EI financing base.

Mr. Ben Lobb: When we go back to fairness, I can't help but think about my own family, what I know the best. I go back to my father, who has been self-employed for more than 40 years and is kind of from the old school. A question he might ask is, in the spirit of fairness, is it fair that someone in southwestern Ontario, with a sickness claim, and so forth, would pay \$1.73—because obviously I don't think he's having any more kids—for a sickness or injury claim or a compassionate care claim? Would it be fair for someone in a different province, where it may be 41¢ or 91¢? Does that seem fair at all that one would pay that difference? Shouldn't it be close to the same for all?

Mr. Michel Bédard: The way this program is structured, you cannot join just one component if you're outside Quebec. In Quebec, you would be joining only for the sickness component. However, outside Quebec, if there were an option to join only the sickness part, then that could be corrected in that fashion. However, the program being what it is, the result is what it is.

Mr. Ben Lobb: In the spirit of fairness, it does seem a little unreasonable that someone in a province might pay 41¢, when someone in another province would be paying \$1.73. It would seem a little unbalanced and unfair, in my opinion.

Thank you.

The Chair: Thank you.

We're now going to move to Madam Beaudin for five minutes.

[Translation]

Mrs. Josée Beaudin (Saint-Lambert, BQ): Thank you very much, Mr. Chairman.

I wish to thank you, Mr. Bédard, for being with us.

I am happy to hear my colleague opposite speak about fairness, given that we are talking precisely of fairness, or rather of unfairness.

You are in agreement with the principle, as we are as well. From what I understand, you recognize that this bill establishes a certain inequality between the self-employed outside of Quebec and those of Quebec. I would like to underscore, for my colleague's benefit, that we are talking here of compassion and sick benefits for workers in Quebec, but of all of the benefits, including parental benefits, for those workers living outside Quebec.

In your document, you make the following recommendation: "Rather, we should select a funding mode that is proportional to the cost of the new benefits, and relatively stable."

Must we take that as meaning that you are recommending the same benefit rate for all self-employed workers?

• (1655)

Mr. Michel Bédard: Do you mean the same contribution rate?

Mrs. Josée Beaudin: Yes, indeed, for example, 41% for compassionate and sick benefits, and 88% for parental benefits.

Mr. Michel Bédard: That would be my preference, but there is a political choice to be made here. I am however not involved in the political domain. If we wanted to spread the cost over the entire group, then a rate of 0.41% would be my personal choice. However, I cannot tell you that this would be the choice of an expert: it is a political choice. In order to fund these benefits, the rate would have to be 0.90%. To my mind, both these choices are defensible. In any event, there is no need to allow these premiums to increase indefinitely, over time. I see no logic in that. If we were to come to that, it would no longer be a matter of political choice. We would be talking about a rather abusive system.

Mrs. Josée Beaudin: Therefore, it is in essence a political choice and we, as parliamentarians, are about to vote on a bill that, we now know, provides for inequalities amongst self-employed workers.

Mr. Michel Bédard: Yes, to the extent that it would impose a rate of 0.36% and would provide, in the following years, for an increase unrelated to the cost of the benefits in question. There is no logic in that.

Mrs. Josée Beaudin: Perfect. I thank you, Mr. Bédard.

Mr. Lessard, do you have any further questions?

Thank you.

[English]

The Chair: Thank you.

We're going to finish up with Mr. Vellacott.

Mr. Maurice Vellacott (Saskatoon—Wanuskewin, CPC): Thank you, Mr. Chair, and thank you again, Mr. Bédard, for being here today.

Did you have any involvement, direct or indirect, in the calculations of the QPIP?

Mr. Michel Bédard: No.

Mr. Maurice Vellacott: Not at all, okay. My understanding was that those costs were significantly underestimated. I don't know if you would bear that out, but it resulted in some significant imbalances there and some rate increases.

Mr. Michel Bédard: That's what occurred, yes.

Mr. Maurice Vellacott: It's my understanding, also, that the claim rate of sickness and compassionate care benefits in the mandatory system for employees is somewhere around one in fifty. You can tell me whether you agree with that or challenge that. It means that in that typical year, one out of every fifty contributors makes a sickness or compassionate claim. According to HRSDC, on this one, the costs and premiums associated with the bill here are assuming a one-in-ten claim rate for sickness and compassionate care benefits. Is that your assumption so far?

Mr. Michel Bédard: The one in ten, yes. The department says that it's one in fifty, but actually it isn't once you consider that about 40% of workers are covered by private wage loss replacement plans. If you remove these people from the equation, if you just consider EI claims to the exclusion of those covered by private plans, it would be more like 4%.

Mr. Maurice Vellacott: So one in...?

Mr. Michel Bédard: One in twenty-five.

Mr. Maurice Vellacott: Okay, some say one in thirty. In any event, though, you would agree they've made the assumption of a one-in-ten claim rate for sickness here.

Mr. Michel Bédard: Yes, which seems reasonable.

Mr. Maurice Vellacott: I guess my second question, then, is this. If 41¢ is the right rate, because it would cover the cost of a claim rate of, as you say, one in twenty-five or one in thirty, if we take into account potential claims that are currently covered by the EI plans, as you did, would that still be the right rate if the claim rate is closer to one in ten?

Mr. Michel Bédard: If the claim rate is closer to one in ten, and if you want to achieve self-financing for this particular scheme, then you want a rate of 0.9%. If you want to charge the same premium as everyone else is paying, it's 0.41%.

Mr. Maurice Vellacott: Right. So if they're saying it's about one-third coverage only, then I guess maybe your 90 is not even quite.... Two and a half times is one in ten, kind of thing.

My third question then is, if HRDC is right and the claim rate is around one in ten for self-employed, what would be the impact on the EI count if charging only 41¢?

Mr. Michel Bédard: It would produce a deficit, of course. It would require cross-subsidy as it occurs under the rest of the plan. Then this program would move a bit further away from self-financing.

Mr. Maurice Vellacott: I'm not a mathematician, but I guess as we bring it to a close today, if a 41¢ premium rate covered 100% of the costs—based on a one-in-thirty or one-in-twenty-five claim rate as you say—then very clearly, as you said, my math tells me that only one-third of the cost would be covered with that 41¢ premium rate. If the claim rate was three times higher, then one in ten.

I guess my question is basically getting into a policy area, but you've answered a few of those thus far today, so how would that be good public policy if the premium rate is only covering roughly one-third of the cost? How is that good public policy?

● (1700)

Mr. Michel Bédard: There again, you fall into the domain of policy decisions. There are two policy decisions that can be reached on this file. Either you want it self-financing, and then it's 0.9%, or you want these people to pay the same premium as everyone else under the EI system is now paying, and then it's 0.41%.

It's up to the parliamentarians to decide which policy direction they want to go in.

Mr. Maurice Vellacott: That'll suffice for my question. I guess there's maybe something here then.

The Chair: Thank you, Mr. Vellacott.

Go ahead.

Mr. Ron Cannan: Thank you, Mr. Chair.

I too would like to thank Mr. Bédard for coming out of retirement. I have lots of seniors in my community, lots of wealth and experience, and I appreciate you offering your ideas and inputs into this proposed bill before us.

I wanted to clarify a couple of your comments with regard to this being a voluntary program. In your opening comments, you said there'd be accordingly a trial period of 12 months.

Mr. Michel Bédard: It may be that the English translation says that. It's a probationary period, if you will. In the legislation as it is now designed, people have to wait 12 months once they sign in, but they do have to pay full premiums, by the way, for the year when they sign in.

Mr. Ron Cannan: Right, you have to pay for a year before you're eligible.

Mr. Michel Bédard: It's more than that. If someone decides to join into the program in December, say, then they have to pay premiums for the full year during which they join, the full calendar year. Yet they won't qualify until the next December. So they'll effectively have paid premiums for 23 months at that point. All I was suggesting here is that there could be pro-rating of the premiums for the first year.

Mr. Ron Cannan: Maybe just get the analyst...could you clarify that? I was of the understanding that you paid 12 months of premiums.... So if I started in April 2011, then by May 2012, if my wife was pregnant, she could claim maternity leave.

Mr. Michel Bédard: If you join in May, then yes, 12 months later your wife would qualify. However, the year in which you join, premiums will be paid for the whole year. You can check that in the legislation.

Mr. Ron Cannan: Twelve months.

Mr. Michel Bédard: Well, it would be paid for the year—

Mr. Ron Cannan: After you've paid for 12 months of premiums, you're eligible—

Mr. Michel Bédard: You will pay for the full year during which you join, so back to January 1, even though you joined in May. And then the following—

Mr. Ron Cannan: I thought it was just—

Mr. Michel Bédard: That's a technical matter, of course, but to me it would have seemed fair to have a pro-rating, which would not be a very difficult thing to—

The Chair: Okay, we'll just clarify that.

You had a quick comment?

Mr. Ron Cannan: Hang on a second. The other one was about you. It said that in California, the comparable.... First of all, you said private schemes do have a shorter opt-in but their premiums are much higher. I was self-employed and I've checked into it. So you pay a much higher premium for that luxury of having an earlier opt-out.

Mr. Michel Bédard: That's right. They've gone the self-financing route, and of course their plan is considerably more generous for self-employed. It's 39 weeks of benefits, high benefit rates, and a one-week waiting period.

Mr. Ron Cannan: And the last one was with California. Do you have any idea what the status of their program is right now?

Mr. Michel Bédard: It's fairly healthy. I don't have it with me, but I looked at their last forecast for their disability insurance fund, and it's in fair health.

Mr. Ron Cannan: It's much better than the economic health of the rest of the—

Mr. Michel Bédard: Much better than its unemployment insurance fund, by the way.

Mr. Ron Cannan: Thank you very much.

The Chair: Mr. Jean, do you have a quick comment?

Mr. Brian Jean: Absolutely. This is more of a constituent comment than anything.

I'm curious. I've actually asked for this before from analysts. Does the department keep records of particular areas, constituencies, or communities? I'm from Fort McMurray, and I don't know anybody who is unemployed. Quite frankly, most of my constituents work a lot: 12-hour days, shift work. I wonder if there is any data to show the per capita contribution of certain areas, or things like that, into the EI fund?

Mr. Michel Bédard: I'm sure they can do this sort of analysis. I don't know just what they're doing—

Mr. Brian Jean: Is it published?

Mr. Michel Bédard: I've been gone from the department for six years, so I don't know what they're doing right now. But certainly they have all that information and they can massage it in a myriad of ways.

Mr. Brian Jean: I don't like massaged information.

But thank you very much.

The Chair: Do the analysts have a response?

A voice: We're still looking.

The Chair: Okay, they're still looking.

Mr. Bédard, I want to thank you very much, once again, for taking the time out of your schedule to be here today. You can step back from the table whenever you want.

I want to remind committee members that when we come back in the new year we have Bill C-308, Mr. Lessard's bill. We have Bill C-395. We have our report on poverty, which we're still working on. And we have a motion that came forward in terms of dealing with some studies. It's motion M-386 regarding adoption and things like that.

When we come back in the new year I'm going to suggest that we have a subcommittee meeting right away to determine the order of preference of business and try to map out a plan.

I wanted to throw that out to the committee since this is our last meeting before we break for Christmas.

I see a couple of hands.

Mr. Martin and then Ms. Minna.

• (1705)

Mr. Tony Martin: I appreciate your putting that on the table, Chair.

I am hopeful for a couple of things when we get back. I know we have business that will be imposed on us by the House because of the priorities of committee and having to deal with bills.

The work we've done on poverty so far has been very good. I have certainly appreciated the cooperation of everybody around the table. The trip we took to western Canada was very valuable. In the new year I'll talk with everybody a bit about the opportunity I had on the Friday to visit the Aboriginal Centre of Winnipeg, which is quite phenomenal. If you get a chance and you're out there, you should go.

As we had hoped to do in this session, I would hope that when we come back we would have the Senate committees come before us and that we would look at aboriginal poverty in a more serious way. Perhaps we could consider some visits to communities that are suffering deep poverty. But perhaps we could also visit communities where they're doing innovative and positive things that are lifting people out of poverty so we could make appropriate recommendations to government around that. I hope that would be possible.

Also, I believe I still have a motion on the table to set up a subcommittee to deal with some disability issues. I think that would be a good way to deal with this new piece of work we're going to have to do on autism, which was brought forward by the member for Essex. That might be a way to actually get it done and maybe deal with some other issues that are still waiting to be addressed around the issue of people living with disabilities.

Thank you very much.

The Chair: Thank you.

I have on the list Ms. Minna, Mr. Komarnicki, and Mr. Lessard.

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

Very quickly, I have three things. I was fortunate to be able to go to Nunavut, not officially as a member of this committee but for other business. Together with Madame Demers from the Bloc, I was able to meet with a number of organizations and visit a number of places to do with the poverty issue we're looking at. I am hoping that when we get back I might be able to give a one-pager to the committee as part of the information. The committee didn't travel

there and I was able to do the work for us, so I would be happy to do that when we come back.

The other thing is that with the exception of the specific study that Mr. Martin just mentioned about the aboriginal community—which of course could be a subsection in our own report to pay some focus to it—having done what I would think are the bulk of the consultations, if not all of them, I wonder if the chair has given any direction to staff to draft a report. It would be nice to have the draft report prior to budget time, or to have at least finished the report, so there could be some thinking on the part of government and others to integrate some of the needs in that budget. Certainly it would be nice to finish it and not have it drag on. It's been going on for quite some time and I'm concerned. I would like to see it come to a positive end.

The Chair: Thank you.

Next we have Mr. Komarnicki, Mr. Lessard, and Mr. Savage.

Mr. Ed Komarnicki: I'm wondering, with the great deal of work we have, if we have unanimous consent to continue sitting through the....

I'm kidding.

The Chair: Funny.

An hon. member: Absolutely.

Mr. Ed Komarnicki: I'd like to take this opportunity to wish each and every member a merry Christmas, a happy new year, and a happy holiday.

• (1710)

Ms. Raymonde Folco: Mr. Komarnicki, that's so sweet of you.

The Chair: Mr. Lessard.

Mr. Brian Jean: Always the last word.

[Translation]

Mr. Yves Lessard: I appreciate Mr. Komarnicki's good wishes. Of course, we wish you all the best as well.

In my view, the fall was quite a busy time for the committee. Indeed, we had a lot on our plate, as our colleague, Mr. Martin, was saying. There are bills relating to employment insurance as well as the issue of poverty.

With regard to poverty, the reason why I wanted to do the tour before the Holidays was so as to allow the drafters to begin their work after the Holiday season, in January.

We must not neglect an aspect that was brought up by Ms. Minna, even if the drafting work has begun. I believe that a whole portion of the report should be devoted to Aboriginal communities, in order to see how we will be tackling this situation head on, given that it is very specific.

When we were in Winnipeg, I believe, Mr. Fontaine, one of the band leaders, strongly suggested to us that we visit reserves. We have however not visited any reserves to date. I would therefore suggest that we go and visit one; we could undertake this visit upon our return. It would be a visit to the Lac Barrière reserve, in Parc de La Vérendrye. It is situated two and a half to three hours from here, at most. We could go there by bus and get a first-hand look at the situation in that community.

For some of us who have not had the opportunity to live this experience, I think it will be a revelation. Personally, I have often had the opportunity to go into reserves and, each time, I have been surprised to see to what extent the situation not only has not improved, but has deteriorated.

This is why I am coming back with this suggestion that we visit the Lac Barrière reserve upon our return, after the break. I believe it should be a priority, as should be seeing Richard Desjardins' film entitled *The Invisible Nation*. As a matter of fact, I have often invited you to view this film, and perhaps some of you have done so. Without having to go anywhere, you would have an overview of the situation of Aborigines.

Those are my renewed suggestions.

[English]

The Chair: Thank you.

Mr. Savage, we'll wrap it up with you.

Mr. Michael Savage: As some of you know, the Senate committee produced their report on poverty last week. It's a very good report with a number of very good recommendations. I don't know if everybody has seen it...but a 17-page executive summary for Christmas Eve. Maybe there's some way of distributing it to all of us so we are informed. I think we should invite the chair of that committee, Art Eggleton, and perhaps other members such as Hugh Segal, to come before the committee as early as possible in the new year. That's my suggestion.

I'd also like to reciprocate Mr. Komarnicki's wishes for Christmas.

The people who hold this place together are the staff, our clerk, our analysts, and our translators who work so hard for us. I'm sure you were going to do this anyway, but I would like to extend to all the staff a wonderful Christmas. We'll see you in 2010. May the excitement continue.

The Chair: Thank you.

I wish everyone a merry Christmas.

We'll get the links out to you for that report. Then you'll have access to it over Christmas.

Thanks again, everyone. Have a great Christmas.

The meeting is adjourned.

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