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EMPLOYMENT INSURANCE ACT EMPLOYMENT INSURANCE REGULATIONS

**BILL TO AMEND—THIRD READING—MOTION IN AMENDMENT—
DEBATE CONTINUED**

Speech by:
The Honourable Diane Bellemare

Tuesday, October 25, 2022

THE SENATE

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[Translation]

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Hon. Diane Bellemare: Honourable senators, I rise today to lend my support to this amendment. I will be brief. I had prepared a speech like Senator Ringuette's, but I found hers very compelling.

I would first like to say that I fully understand the purpose of Bill S-236 and why several senators supported it. The fact that Prince Edward Island has two zones is an anomaly that dates back to 2014. Prior to that, the province had only one zone. In the context of the work surrounding this bill, many have said that these two zones were created as a result of steps taken by certain individuals in the other place. That explains why Prince Edward Island was divided into two zones.

A number of people have talked about this anomaly. Apparently, according to the Commissioner for Workers, four zones were created at that time, quite spontaneously and arbitrarily. I can understand why several senators want to put an end to this two-zone anomaly.

Why? Because it causes all sorts of inconsistencies and inequalities. As you know, given that unemployed workers receive benefits based on their place of residence, two unemployed workers who worked at the same business but who live in different areas would receive different amounts for different weeks. We must think about that and change it.

However, I rather agree with what Senator Simons told the committee. She said that it is not really the Senate's role to micromanage. To some extent, amending the schedule to the Employment Insurance Act is micromanaging, and that is not our job. We can point out anomalies, but it is not up to us to fix them. It is really the government's job to make those changes.

I am also very sympathetic to Senator Ringuette's remarks. She eloquently stated, following the release of the Office of the Parliamentary Budget Officer's report, that it had calculated that merging the two regions would result in a \$76.6-million loss between fiscal years 2021-22 and 2025-26. This represents a lot of money that the people of Prince Edward Island would not receive, according to the Office of the Parliamentary Budget Officer. I appreciate this argument.

Third, the government wants to reform Employment Insurance. The work is under way and the changes should be substantial. I believe that that would be the right time to correct this anomaly and review the complexity of the current system. We must not bury our heads in the sand. The current EI system is incredibly complex.

There are 66 zones in Canada and, depending on the zone and its unemployment rate, each person requires a different number of weeks to qualify for EI. Once you qualify, the duration of benefits is also different. There are tables that contain 29 rows and 11 columns. This means that there are over 400 possible boxes that can apply to a Canadian in terms of EI. That needs to be fixed.

I am not aware of any country that uses zoning as an eligibility criterion. In some countries, a person's age and income can be used as eligibility criteria for Employment Insurance benefits, but never the zone they live in.

It is important to remember that our entire system is the result of the 1976 reform, the Axworthy reform, which had some positive and some less positive results. It needs to be said that, at the time, the main purpose of Employment Insurance was to manage unemployment. There was a period in the 1990s where the monetary policy was having a major impact on the participation rate in Canada. I am reminding senators of this because I think it is important. The monetary policy worked like it does today, with agreements, and it targeted a range of interest rates. However, its target at the time was the natural rate of unemployment.

We were so afraid of inflation and inflation expectations that the Bank of Canada's focus was the non-accelerating inflation rate of unemployment, which was assessed at 8% for Canada as a whole. That was the rate at which interest rates would increase. When the rate approached the natural rate of 8%, the Bank of Canada tightened its monetary policy. It is also important to remember that mortgage rates were very high at that time.

When you have an unemployment rate of 8% and that is the rate you want to achieve, imagine the unemployment rate in certain regions. It could be very high in the Maritimes and lower elsewhere. There were and still are very big regional disparities.

Nowadays, the problem is different for a number of reasons, including the inevitable aging of the population. Even if we do have a recession, the unemployment rate will rise, but probably not as much as it would have in the past because the population is aging. A recession will lead to earlier retirements, and the total unemployment rate will rise, but it will not rise as much as it would have in the past.

Now, because of the rapid pace of technological change and people moving from job to job often, along with the aging population I mentioned, we have a labour shortage. We need to reform Employment Insurance to deal with the labour shortage.

I invite the committee to consider this, if the amendment is agreed to, and to take another look at Bill S-236. I also invite the

committee to take another look at it in light of the upcoming reform and consider what else the committee might suggest with respect to Employment Insurance reform.

That's all I wanted to say. Thank you.
