

## PRIVATE MEMBERS' PUBLIC BILLS

[English]

## CANADA LABOUR CODE

PROVISION OF SEVERANCE PAY FOR WORKERS  
DECLARED REDUNDANT

Mr. Arnold Peters (Timiskaming) moved that Bill C-44, to amend the Canada Labour Code (severance pay), be read the second time and referred to the Standing Committee on Labour, Manpower and Immigration.

He said: Mr. Speaker, since I first introduced this bill there have been a number of changes which have had an effect on the provision of construction pay to employees under the jurisdiction of the federal government. These changes have not necessarily been in the interests of the federal employees who might be affected or in the interests of providing separation pay for employees who are not eligible through their employment for either superannuation or pension.

Mr. Speaker, this measure mainly affects persons who are temporarily employed, and it affects a large category of people under federal jurisdiction who fall into the classification of prevailing wage employees, who may be employed in a government undertaking in a specific area or where the lifetime of the project may be limited. This often happens with carpenters, construction workers and others who are employed for a short period of time and do not become civil servants or permanent employees of an agency under the control of the federal government, but where the work undertaken is in that jurisdiction. This is the only field in which the Parliament of Canada can make objection, and therefore this proposal is limited to that fairly specialized category.

I indicated that there have been changes since this bill was originally introduced. These have made it necessary for myself and other members of parliament to introduce legislation concerning some of the changes that were made the last time we altered the Unemployment Insurance Act. You will remember, Mr. Speaker, that we included in that legislation, as wages, any payments that were made subsequent to a lay-off for the purpose of providing a benefit whether the lay-off took place or not. This involved vacation pay, which in my opinion has not in any way been provided for by the unemployment insurance authorities.

● (1600)

When we made vacation pay available to prevailing wage rate and casual workers in industries coming under provincial and federal jurisdiction, we made it clear that vacation pay was for the specific purpose of enabling a person to take a holiday. We did this in such a way that originally, in the province of Ontario at least, a worker could not take his holidays before July 1, the reason being that the best time to take a holiday in Canada is in the summer.

The Unemployment Insurance Act was amended. It said, in so many words, that vacation pay, if accumulated, was wages and was to be included as wages in the calculation of benefits paid under unemployment insurance legislation. That provision, unfortunately, in many instances totally destroyed the original idea behind vacation pay.

*Canada Labour Code*

Through including severance pay with vacation pay we have done the same thing.

In cases where union contracts provide for severance pay, employment over any extended length of time will build up a sizeable amount of severance pay for workers. When we introduced provisions regarding severance pay, it seems to me we were saying that if a person worked on a job for a short time he ought to be paid something to tide him over until the next job. Take, for example, the construction worker. Let us assume that he has been working on the same project for 30 months. When he quits, he will be paid 30 months' severance pay. That amount should compensate him during the period he is moving from one job to another.

On the other hand, if the workman has worked on the same job for a period of years, it is obvious that his severance pay will be much greater and could serve a totally different purpose. Such a workman could move from one construction job which had been of long duration, to a second job. The point is that the severance pay will make easier his transfer from one job to another.

Unfortunately, the unemployment insurance authorities include severance pay in income. That means, of course, that if a person works for fairly good wages for any period, short or long—let us say it is ten months or two years—and then quits for whatever reason, his severance pay, paid in a lump sum will become income so far as the Unemployment Insurance Commission is concerned. For instance, let us say the severance pay of a man who has been earning \$1,000 per month on a construction site amounts to \$2,000, which is paid as a lump sum. In the eyes of the Unemployment Insurance Commission, that amount represents two months' earnings on the job; consequently, he would lose two months' unemployment insurance benefits. In any event, the most he can hope to collect by way of unemployment insurance is slightly more than \$100 per week. As well, you must make allowance for income tax. His benefits would amount probably to \$700 for the two-month period in question, assuming he could collect benefits. As you can see, even when severance pay is considered as wages, such severance pay enables a workman more easily to make the transition from one job to another and to follow his own line of work.

What I have said applies, of course, to people who leave their jobs and people who are fired. As you know, Mr. Speaker, the bill would not apply to permanent employees who work, say, for the federal government and are eligible for superannuation by virtue of their employment. Such employees fit into the category of permanent civil servants or permanent employees and are not affected by this bill.

Many of us who have had experience in the labour field believe that severance pay enables the worker to deal with dislocations that arise periodically when he must move from one job to another. Severance pay, which is paid to many prevailing wage rate workers and to workers drawing isolation pay in various parts of Canada, is a major asset, especially to those who work under the aegis of the federal government or its agencies, in that it allows the labour force to be mobile. We believe that is the purpose of severance pay. It is also true that workers are being penalized. The worker who was paid two months' sever-