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Chair

Mr. James Rajotte

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• (0930)

[English]

The Chair (Mr. James Rajotte (Edmonton—Leduc, CPC)): I call this meeting to order. This is the 66th meeting of the Standing Committee on Finance.

The orders of the day, pursuant to the order of reference of Monday, May 14, 2012, are continuing our study of Bill C-38, an act to implement certain provisions of the budget tabled in Parliament on March 29, 2012, and other measures.

Colleagues, we have with us two panels here this morning.

In the first panel, we have six presenters.

We have Mr. Patrick Grady, an economist with Global Economics; we have Mr. Richard Kurland, who is a policy analyst and attorney; we have Mr. Ian Lee, professor at the Sprott School of Business, at Carleton University; we have Mr. Lorne Waldman with us as well; representing the Canadian Federation of Students, we have Madame Roxanne Dubois, national chairperson; and from Oxfam Canada, we have Mark Fried, the policy coordinator.

Welcome to all of you. Thank you for being with us. You each have up to five minutes maximum for an opening statement.

We will start with Mr. Grady and work our way down the line.

Mr. Patrick Grady (Economist, Global Economics Ltd., As an Individual): Thank you, Mr. Chairman.

I'm pleased to have received your invitation to testify on the immigration measures in Bill C-38, part 4, although it's a very small part of a rather large pie.

For background, I'm an economist who has studied immigration issues. I collaborated with Professor Herbert Grubel to do a study for the Fraser Institute, which estimated that since 1987, immigration has been costing the Canadian government \$16 billion to \$23 billion per year.

I'm also on the advisory board of the Centre for Immigration Policy Reform. This is a new organization that was established to advocate for immigration policies that are more in Canada's economic interest. We believe it makes no sense to continue to bring in so many immigrants every year when there are so many Canadians unemployed and immigrants are performing so poorly in the labour market. Our view is that immigration should be used only to complement the existing workforce in Canada and not to provide a quick source of cheap labour for employers that discourages Canadians from entering the labour market.

We also believe we should rely on our own education and training infrastructure, which is among the best in the world, to meet our labour needs, and we believe it's capable of doing so. We also think we should only rely on temporary foreign workers in exceptional circumstances. It shouldn't have been blown up the way it has in recent years, as almost a first supply of labour for many employers.

For more than 20 years, the performance of immigrants has been deteriorating from what it was in the past. Immigrants were able to come, and after a period of adjustment they were able to gradually adapt and earn as much as other Canadians. It's been only since the Conservative government came in during 2006 that serious efforts have been made to address this problem.

You're all aware of Bill C-51, in 2008, to deal with the huge backlog that had built up following the Immigration and Refugee Protection Act back in 2001. There were three sets of ministerial instructions.

Important measures have been introduced by the government that we think are very good. There is the Canada experience class, particularly recent attempts to put more emphasis on arranged employment and job and language skills in immigrant selection. Also, there are the Bill C-31 reforms to help fight human smuggling and protect Canada's immigration system, and of course the other measures to combat fraud, including marriage and refugee fraud. It's important that people have confidence in the function of our immigration system if it's going to continue to have political support.

Turning now to the immigration policy changes in Bill C-38, part 4, in spite of the steps taken, the backlog problem has persisted. There was no real evidence that the performance of recent immigrants was improving in general, except for maybe those with arranged employment or some of the federal skilled worker groups.

The backlog has threatened to undermine the efforts made in improving immigrant selection. You have a group of people you've committed to bring in who were selected under old rules, and they're getting older every year. You have a waiting time of up to 11 years, so by the time they get here, not only are they unsuitable, but they're much older than optimum immigrants would be.

As I pointed out when I appeared before the committee on immigration and citizenship last October, the only choice the government really had to prevent a further deterioration in immigrant performance and growing claims on the fisc was to legislate away the skilled worker backlog, which is what they're doing in this bill.

The government also needs the authority to deal with the issue of refunding the application fees. The minister of CIC requires the authority to issue the ministerial instructions needed to implement his proposed new immigrant selection procedures, since the old ones weren't working.

• (0935)

The Chair: You have one minute left.

Mr. Patrick Grady: Thus we support the immigration policy measures in part 4 of Bill C-38.

Having said that, I would like to go on and say that more definitely needs to be done to limit the numbers of immigrants, since the large number is what's causing the deterioration in performance. It's not only a selection problem; it's very difficult to select from such large numbers. The government still proposes to bring in 250,000 new immigrants a year and a couple of hundred thousand temporary workers, and it's actually increasing the number of parents and grandparents allowed in at a great fiscal cost.

I estimate it would cost around \$6 billion per year if you took the parents and grandparents brought in since 1987. If you took in the 165,000 in the backlog and the ones expected to apply by the year 2020, that would add another \$6 billion, making the annual cost about \$12 billion.

It doesn't look as though much is being done to resolve that problem.

The Chair: Mr. Grady, can I just ask you to briefly wrap up? We're out of time on your presentation.

Mr. Patrick Grady: I was just going to say that the climate isn't very favourable. There is a lot of pressure for higher levels of immigration. The minister has even talked about increasing numbers to 400,000. In our view, the only way to fundamentally reform immigration is to take the steps the minister has taken, but he also has to cut back on the numbers in the levels plan.

The Chair: Thank you.

We'll go to Mr. Kurland, please.

Mr. Richard Kurland (Policy Analyst and Attorney, As an Individual): Thank you, Mr. Chairman. I know what five minutes means.

The first thing is, who does the business risk of applying to immigrate to Canada belong to? That's the pivotal question. The way our system works, the applicant takes the business risk of applying to come here. Our system allows for immigration law to change with retroactive effect without notice, giving an adverse consequence to an applicant. It is now part of ethical practice at Canada's immigration bar to advise applicants of the business risk of applying. That's the fundamental point.

So when rules change in the interest of Canada, as they have done here, then yes, the individual interest of certain applicants will fall to

the wayside, because the interest of Canada will prevail. That's the fundamental point of the changes we're seeing here in the proposed law. Is it right? Is it fair? Others will decide, and that's why there's Parliament to make that balancing choice. Is it legal? You bet.

I would look carefully at how it could come to pass that certain applicants were not aware that they were taking the business risk of applying to come to Canada. What happened?

Shifting gears, because I have under five minutes, there should be some basic consumer protection. We can do better. We can do better by formally putting on the website of Immigration Canada a clear notice that applicants take this business risk. We can also do better by severing or having another look at taking the User Fees Act off the table. The User Fees Act is a fundamental touchstone today for monitoring government service performance and applying to the consumers of government services the right to know how long it will take to get a visa. Members of Parliament are all aware of the strains and stresses.

Those are the two areas I'll illuminate later on today.

• (0940)

The Chair: Thank you, Mr. Kurland.

We'll hear from Mr. Lee now, please.

Professor Ian Lee (Professor, Sprott School of Business, University Carleton, As an Individual): Thank you.

Thank you for the opportunity to appear. I want to disclose before I present that I have no consulting contracts of any kind anywhere in the world with any corporation or union or NGO or government, and 100% of my income is from Carleton University. I come before this committee prepared, if you will, to speak truth to power.

I was under the understanding...and I could be wrong, but I'm going to be speaking more about CMHC, because I was under the impression it was in other issues in the budget. I apologize if I misunderstood.

My background was as a banker for 10 years in the seventies, as a mortgage manager in the BMO building on Wellington Street, opposite the West Block, which I believe the finance committee is going to be going into soon. Now I'm a professor of business and public policy dealing with fiscal policy, economic growth, deregulation, and issues such as that.

I want to go very macro before I get into the budget. For the first time in 2,000 years, world leadership is shifting from the west to the east. From the time of ancient Greece and the Roman Empire, all the way through to the British Empire and then the American Empire, westerners or occidentals have understood that the west has ruled the world. This is no more. This is coming to an end. This is going to change everything.

That leads to the second transformation, that we in the west, as Governor Carney in his excellent speeches and others have noted, have been living beyond our means for the past 40 years in all the western countries. The bills are now coming due.

The third transformative event is the aging of the boomers, my generation, who, in my view, and that of others, caused the second problem of living beyond our means. Unfortunately, there are countries in southern Europe, and the U.S., that do not understand. They do not know that they do not know that these changes are happening and we must change our policies in every sector. Policies that in the past were used to protect and restrict, grounded in fear, must be transformed to policies that open and expand our economy to make our economy more competitive, more dynamic, and able to address these systemic changes. Budget 2012 is profoundly important for it represents the beginning, I believe, of the undoing and the redoing of many policies in sector after sector.

I want to now deal very quickly with CMHC. It was established in 1946 to help with housing for returning soldiers. Those were laudable objectives, but since then, it's like Topsy; it's just growing, growing, and growing. It's in at least five lines of business: commercial mortgage insurance for high ratio; social housing; economic and statistical analysis, where they have an army of excellent economists and statisticians who analyse market trends across Canada; the green and energy conservation initiatives; and, finally, a market maker as bundler and reseller of mortgage-backed securities.

There are problems. In my judgment, CMHC has a profound governance problem. It's the only insurance company that is not regulated in Canada, even though we believe in OSFI and regulation of financial institutions. Its third problem is that it doesn't really understand its own business. I say that because in 2006 it attempted to introduce 40-year, zero down payment mortgages. It was only the intervention by then Governor Dodge that stopped this irresponsible decision by CMHC.

Yes, I support in the budget that CMHC must be supervised by OSFI; that is long overdue. Yes, it is a good idea to place ministers on the board. I also agree that banks should not be allowed to ensure conventional mortgages through CMHC and offload risk onto the taxpayer. But my criticism of the CMHC reforms is that they do not go far enough. The government should be the referee of the hockey game, but it should not own one of the hockey teams, for that is a conflict of interest. On a practical level, citizens are at risk for almost \$600 billion, or one-third of Canadian GDP. Moreover, CMHC has a competitive advantage over private firms because 100% of its liabilities are insured by the government but only 90% of that of private mortgage insurance companies.

I have two other quick points and then I'll wrap up. On the Investment Canada reforms, if this does come up, moving it a much higher level is a very important step. I support the blue ribbon panel, and we should be implementing those reforms in the blue ribbon panel of 2008.

Thank you.

• (0945)

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

We'll hear from Mr. Waldman, please.

Mr. Lorne Waldman (As an Individual): Thank you for the opportunity to be here today. It's a privilege to appear before the committee.

Like two of the other speakers, I'm here to talk briefly about the immigration measures, but one thing I want to make clear is that I'm not here to enter into a debate about immigration policy with people like Mr. Grady. I'm here to address what I believe is a simple moral issue, and it's simply this: I think the government has a duty to keep its promises and has a duty to speak in a clear way to all the people it deals with, and to be transparent in its dealings with those it deals with. I'm sure this is a principle that people on both sides of the House would agree with. I believe it should apply to all people Canada deals with, including those who are outside of Canada.

If we talk about the backlog, these people were encouraged to apply and were told they would be processed. Many of the people have received numerous communications since that time and were continuously led to believe that they would be processed.

I understand the government's dilemma. They believe they have a better selection process. As a passing remark, I should say that I've heard that one before. In my 30 years, I think this must be about the seventh or eighth different selection process the government has invented, and it's always the best one, but eventually, a few years later, it's scrapped for something else. But that's not the issue here.

The issue here is that, in my view, the government... This is where, with all due respect, I disagree with my dear friend Mr. Kurland, in that I believe that the government has a duty to be transparent and clear, and they failed to do so in this case. Because of that, what they're doing is wrong.

I thought the best way to illustrate this would be to tell the story of one of my clients. She sent me an e-mail and gave me permission to read it. This will take me a minute or two to read. I thought it would just illustrate this. She says as follows:

Until today, I can still remember vividly that date of November 17, 2007, even though it was almost four and a half years ago. It was on that date that our family of three—at that time, my son was still in primary school—went to the post office and sent out our application forms, together with the payment, with a great hope for the future. On the way back, we discussed excitedly the new adventure we were going to have in Canada, the new school life, the animals playing around the house, possibly the new member of the family.

I remember that she was from China. Under their one-child policy, she couldn't have a second child in China, so she was hoping to come to Canada so she could have that second child. She had other choices, but she chose Canada. She says:

On November 26, 2007, we got the acknowledgement from the visa office confirming receipt, informing us of the next step, and telling us to start our preparation for moving to Canada. So we were excited and thought that our new life was about to emerge.

We started the preparation. We got to know other applicants through the Internet, we improved our language capacity, and we invested in getting certificates that we knew would help us in our job opportunities in Canada.

Two years from that time, another milestone was reached. On December 4, 2009, we got the request letter from the visa office in Beijing asking us to submit our full package of documents. To us, this is one step closer to the dream come true. We spent enormous time and effort—

—for which they will of course not be compensated, I note.

—in preparing the needed documents. We had to schedule the exams for an English test, travel to different cities to get documents, and we had to ask relatives and friends for support in hard places to reach due to the time constraints.

That's because they're only given a short period of time to get the documents. She continues:

Different from the past two years, where we had kept the application confidential, we had to tell our supervisors and the human resources teams about the move so that they could help us to improve our work experience, and of course that impacted negatively on our career development because companies were no longer willing to invest in our future knowing that we were going to be leaving soon.

Again, we, the family of three, went to the post office and mailed off this package full of joy and full of expectation that soon we would be in Canada. At this time my son was in middle school. We waited and waited and waited, confident in our result, not only because of the waves of affirmation and correspondence we received from the visa office, but also because of the justice and fairness we valued—because that's why we chose Canada as our destination.

I have always trusted that Canada would eventually welcome us, like what the visa office shared with us. It was just a matter of time. Because of that trust, we gave up opportunities to go to other countries, and we could have applied under new streams, but we saw no reason to do so. No one suggested to us that we should. We waited our time in the queue—

The Chair: One minute.

Mr. Lorne Waldman: I'm almost done.

We waited our time in the queue for more than two years, and because of that trust our careers were affected negatively. And now, four and a half years later, we suddenly got the news on March 29 that our case would be wiped out. We were stunned on hearing that and couldn't believe it. How could a country like Canada, a country that values equity and law, take its promise so lightly?

That is from one of the people in the backlog.

The Chair: Thank you, Mr. Waldman.

We'll hear from Ms. Dubois, please.

Ms. Roxanne Dubois (National Chairperson, Canadian Federation of Students): Thanks to the committee for the opportunity to make the voice of students in Canada heard here today.

The Canadian Federation of Students represents more than half a million students from colleges and universities across Canada. It is Canada's largest and oldest national students union.

The right to education at all levels is enshrined in international law and is prescribed by existing moral and social imperatives of Canadian society. Our public post-secondary education system was built with public dollars and, implicitly, must be accessible to all citizens of Canada, just like health care is. However, Canada's college and university system continues to operate without a national framework and is increasingly cost-prohibitive. The federal budget bill, despite its size and scope, fails to implement a strategy to address rising tuition fees, skyrocketing student debt, and youth unemployment. However, Bill C-38 does many other things, such as threaten our generation's prospects for job and retirement security and seek to reduce environmental regulations.

Due to its size and scope, Bill C-38 overreaches and will contribute to public cynicism. Five minutes is insufficient to review 425 pages and the nearly 70 acts being amended, repealed, or introduced. I cannot but conclude that the government's objective must be to limit the Canadian public from fully assessing the omnibus bill.

I would be doing a complete disservice to my organization's members and the Canadian public if I did not use this time to implore each of you on the government side to abandon this hypocritical tactic of forcing through legislation en masse.

To use the Prime Minister's own words during his time in opposition:

...in the interest of democracy I ask: How can members represent their constituents on these various areas when they are forced to vote in a block of such legislation

● (0950)

[*Translation*]

Students today are facing a very precarious labour market. With rising student debt, caused mainly by tuition fee increases, job opportunities are even scarcer because of the government's decision to eliminate Service Canada centres for youth and student positions in the public service. In addition, government investment to improve access to education has slowed significantly. At a time when over 70% of new jobs require some form of post-secondary education, the government has to substantially increase its investment in the Canada Student Grants Program to reduce student debt and help graduates in the labour market.

[*English*]

Making matters worse for students and youth, Bill C-38 proposes changes to Canada's old age security program, the temporary foreign worker program, and employment insurance, all at once. Raising the benefits eligibility age of OAS from 65 to 67, reducing the wages of workers, and eroding the retirement prospects of future generations is itself a solution without a problem and requires at least further study by committee.

If the government is concerned about the well-being of young people and truly wants to protect our future, then cuts to OAS should be taken off the table. Young people in Canada have all of our working years ahead of us. If anything, giving young people a chance to make a decent living requires increased access to education and training and a more robust OAS program.

[*Translation*]

The federal government's lack of vision with respect to tuition fees comes at a significant cost to our economy in the form of lost economic opportunities. For every Canadian who is denied access to post-secondary education, the costs of health care, employment insurance, social assistance and public safety all grow, and the tax base shrinks.

The OECD estimates that the economic benefit of any investment in post-secondary education comes to \$1.63 for every dollar spent by government. If the government is serious and genuinely wants the economy to grow, it should give serious consideration to rejecting this bill and investing in post-secondary education.

[English]

Last, when it comes to environmental regulations, Bill C-38 erodes the government's ability to hold companies accountable for their practices. The next generation will inherit the environmental issues to come. We will be saddled with the effects of climate change, unchecked resource development, and potentially irreversible damage to Canada's wildlife. Environmental sustainability is top of mind for today's youth but appears to be a governmental afterthought. The callous disregard for the environment in Bill C-38 is completely irresponsible.

We believe in the strongest of terms that the alterations to OAS, GIS, and EI ought to be removed from Bill C-38, studied by their relevant committees, and voted on separately from the budget bill. We hold the same sentiments with respect to the Fisheries Act, the Navigable Waters Protection Act, the National Energy Board Act, the Species at Risk Act, the Parks Canada Agency Act, the Canadian Oil and Gas Operations Act, the Nuclear Safety and Control Act, the Seeds Act, the Fair Wages and Hours of Labour Act, the National Round Table on the Environment and the Economy Act, the Kyoto Protocol Implementation Act, the Immigration and Refugee Protection Act, etc.

Again, I thank you for the opportunity to make this presentation.

I look forward to your questions.

The Chair: Thank you.

We'll hear from Oxfam now, please.

[Translation]

Mr. Mark Fried (Policy Coordinator, Oxfam Canada): Good morning, everyone.

• (0955)

[English]

Thank you for the opportunity to share our thoughts on the latest federal budget. Oxfam pays close attention to the operations of government, both our own and those in the 95 countries where we work, because government policies can have a huge impact on people's efforts to work their way out of poverty.

We have been at this since 1963, and we've learned a few things along the way about effective government and citizen participation that I hope may be relevant to the bill before you.

The first lesson we draw from our experience is that governments don't function well in isolation. They do better when they consciously create mechanisms for tapping into the knowledge and wisdom of public-minded citizens. The portion of this bill being considered elsewhere would limit citizen participation in environmental assessments. The portion that's before you would close two key mechanisms for citizen input, the National Council of Welfare and the National Round Table on the Environment and the Economy.

These two provide a crucial function, not just independent expert advice but a focusing of public thinking on issues of import. These are functions that cannot be replicated by privately funded bodies, be they Oxfam or the Fraser Institute. We urge you to retain these valuable advisory bodies.

Another key lesson that we have learned is that inequalities undermine healthy societies. At worst, inequalities can lead to violence and open conflict. At best, they limit economic growth and deprive individuals of the life chances they deserve.

It seems prudent to examine two elements of this budget in light of the fact that income inequality in Canada is rising fast. The changes to old age security and to employment insurance could well contribute to further widening the gap between men and women, between young and old, and between rich and poor.

A third lesson is that successful governments take the long view and take sustainability to heart. The costs of environmental degradation and climate change are borne disproportionately by people living in poverty. Canada's outsized greenhouse gas emissions, in particular, are wreaking havoc among some of the world's poorest communities.

Rather than repealing the Kyoto Protocol Implementation Act, this budget ought to include incentives to guide private investment away from carbon-intensive industries and toward clean energy. Instead, it leaves in place nearly \$1 billion in subsidies and tax breaks for the oil and gas industries. Canada agreed in 2009 at the G-20 to phase out fossil fuel subsidies. Please consider making that pledge effective.

A final lesson is about the importance of aid. Providing development assistance to poor countries is a long-term investment in a stable and prosperous world. It is a way to rebalance, however minimally, the grotesquely skewed distribution of income in the world. But most of all, aid is a sensible and generous gesture of solidarity. It's a helping hand to those struggling because of poverty, conflict, and war.

Trying to balance our books on the backs of the world's most vulnerable people is wrong. What's more, because aid is only a tiny fraction of government expenditures, even the severe cuts in this budget will contribute little to reducing the deficit. As a friend of mine put it, it's like trying to lose weight by cutting your hair.

But for poor people, the consequences are serious. News reports state that CIDA is completely eliminating eight country programs and reducing aid to five of its 20 countries of focus. Ten of the 13 countries affected are among the poorest in the world; eight of them are in Africa.

Between now and 2015, when the world is to have achieved the millennium development goals we set in 2000, Canada will have cut \$1.2 billion from our aid budget. That would have helped a lot of hungry people to feed themselves, and it would have put a lot of girls through school. We urge you to reverse the cuts to the aid budget.

Let me conclude by noting that Oxfam's website will be blacked out on Monday. We will join many other organizations to protest elements of this budget bill that limit public debate on vital issues.

Canada's charities have much to contribute. When some charities are accused by high officials, we all feel threatened, and all Canadians lose out.

Thank you again for the opportunity to speak with you. *Je serais heureux de répondre à vos questions.* I look forward to your questions.

The Chair: Thank you for your presentation.

We'll begin with Mr. Marston, for five minutes.

Mr. Wayne Marston (Hamilton East—Stoney Creek, NDP): Thank you, Mr. Chair.

Once again we're looking at a variety of issues: international aid, the environment, immigration, housing, financing, and citizen input. When you have five minutes, you ask yourself where you should start. So I'm going to stick to immigration.

Mr. Waldman, have you seen any evidence that the government really, truly understands the damage it has done to Canada's reputation by cancelling the applicant list?

Mr. Lorne Waldman: No. I mean, I'm shocked; there's going to be another big demonstration in Hong Kong within the next few days.

I was a class counsel the last time they tried to eliminate the backlog, so people found my e-mail and e-mailed me. I've seen literally hundreds of e-mails from people around the world just outraged about how the government is treating them so unfairly. As I said, something has to be done about the backlog, but just completely eliminating it in such a callous fashion....

It's ironic, because we've been told for years, or the government's been telling people for years—this is respective governments, not just this one—that there's a queue, and that the way to come to Canada is to apply, go into this queue, and wait.

All these people did what the government told them to do. They applied and they waited. They were led to believe, through repeated communications, that their applications would be processed. They followed what the government said. They waited in the queue. And now, after waiting, some of them for as long as eight years, they've been told, "Sorry, this queue no longer exists. Your applications are being terminated."

That's not just. That's not the Canadian way. This really tarnishes Canada's image.

• (1000)

Mr. Wayne Marston: Thank you.

Mr. Kurland, the government has indicated—repeatedly, in fact—that these changes are needed to balance skilled labour with the needs of Canada in the different parts of Canada.

But it seems they've lost sight of one aspect of it—namely, that unified families are generally happier and more productive. My riding of Hamilton is the second destination for a lot of immigrants who can't afford to live in Toronto and Montreal and so on. The look of disbelief I see on some of their faces, especially the ones who come into our office—I'd like your comment on that, sir.

Mr. Richard Kurland: I can well understand the look of disbelief when it comes to the issue of parents and grandparents. There were about 185,000 parents and grandparents in a backlog. That backlog developed from 2003 onward. The backlog, however, has been crunched and fixed, so instead of seeing looks of bewilderment, you'll see looks of gratitude when the new parent and grandparent solutions are rolled out after the moratorium. For the first time, super visas will take away bewilderment to be replaced by joy, immediate joy, of grandparents attending birthday celebrations of their grandchildren in Canada, as visitors here.

So although the legacy of former policy hobbled the initial years of immigration production with problems, the hard part was the solution—the political courage required to do something unpopular and say no. It's short-term pain for long-term gain, and I think you'll see that tough way of doing things rolled out again and again.

Mr. Wayne Marston: I'm going to have to disagree with you. There's going to be a lot of pain, at least to the immediate families.

Ms. Dubois, there's a lot said today about youth engagement, about their not being engaged in the political process. There are other things being said about voter suppression, whether it's an actual plan or it's an accidental thing.

When you look at this bill, and clearly you've looked at it, what's your reaction to it in relationship to engaging young people?

Ms. Roxanne Dubois: I think it's clear that having such an overarching bill is certainly a deterrent to having young people engaged in the democratic process. It's certainly a goal for us as students to participate, to be able to express our opinions, and to try to contribute to the betterment of everyone in Canada.

Certainly contributing to this kind of bill is a difficult thing to do, because it touches so many sectors. It's been a bit of a difficult process to look at all the various components of the bill and to try to engage our members on some of the issues. Some of them have direct impact on our members' lives and on how they will be able to have chances at succeeding at life. Having this all together is very difficult.

The Chair: Thank you.

Thank you, Mr. Marston.

Ms. McLeod, please.

Mrs. Cathy McLeod (Kamloops—Thompson—Cariboo, CPC): Thank you, Mr. Chair.

I have first a couple of quick questions for Ms. Dubois. I have five minutes and about twenty questions that I hope to get in, so....

Are you aware of how long the BIA for 2011 was?

Ms. Roxanne Dubois: I'm sorry, can you...?

Mrs. Cathy McLeod: The 2011 budget bill.

Ms. Roxanne Dubois: The bill? No, I'm not.

Mrs. Cathy McLeod: It was 644 pages.

Do you know how long it was in 2010?

Ms. Roxanne Dubois: No.

Mrs. Cathy McLeod: It was 880 pages.

In 2009, it was 552.

These were also comprehensive bills that dealt with a number of different issues. So this is not extraordinary in terms of a budget bill. I think the opposition are just.... I believe this Parliament is very capable, like other parliaments, in terms of looking at 450 pages in a very comprehensive way.

I have three children. My youngest is graduating this year. With their work and with our help, of course, they are graduating without debt, and of course they're truly fortunate. I would have real trouble.... I believe that if support needs to go to universities...I would hate that support to have lowered the tuition for my children whom we would help. I would much rather see any support to universities going to those who can least afford it.

Would you agree with that?

• (1005)

Ms. Roxanne Dubois: The federal government certainly has shifted the way it funds post-secondary education. It used to give funding directly to the system. Now it's providing a lot of money in loans. That's how we're shifting the way the education system is being paid for. Unfortunately, that has an unequal impact on students, because ultimately taking on debt—

Mrs. Cathy McLeod: Can I quickly intercede? The government has given 3% more per year in the social service transfer, and we've also readjusted the student grant program for medium and low incomes. My basic point is I have to look at what Mr. Lee said in terms of what we're doing and where we're going, but rather than helping my children, I would say if we need to put more in, we need to be focused in terms of ensuring everyone has opportunity.

I need to move on.

Mr. Waldman, I think what your case elucidated was the need for a just-in-time system. Why should someone be waiting five or six years to come to Canada? The other thing I frequently hear, and you didn't mention, was the background of this particular applicant. If teachers come to Canada, they're going to be unemployed. In the meantime, in my riding I have calls probably once a week saying they need a doctor. Our rural community is desperate for this doctor.

The minister himself said he knew it was a very difficult decision. But to move toward a much fairer system for all and match the skills.... I have to perhaps agree with Mr. Kurland and Mr. Grady on this one. Again, I think your case elucidates it all. I'll leave it to both of you, Mr. Kurland and Mr. Waldman, to comment.

Mr. Lorne Waldman: The problem with trying to improve the selection process.... As I said, I've been practising immigration law

for 30 years, so I've been through a lot of governments of all different stripes telling me this is the one that's going to work. I understand the minister's idea about a just-in-time system. I hope it works. I have serious reservations about it, which I could discuss at another time.

My issue is a different one, though. My issue is simply that these people were told over many years. My view is it's immoral, it's wrong, for the government to tell these people now that they can't come.

Mrs. Cathy McLeod: I've only got 30 seconds left, so Mr. Kurland can get equal time.

Mr. Richard Kurland: The mystery is.... First, 30 years ago, did we use Skype? Did we have IT like that? We have hard data that's now used to formulate policy—data capability that did not exist. When you crunch the numbers, it is perfectly clear that under the current selection system for skilled workers, our economic performance in Canada is superlative relative to the backlogged people. That's the hard data.

In terms of Canada being unpopular or adversely impacted in terms of dignity or reputation, I have not seen a drop-off in the intake of applications that come to this country. So where's the evidence?

The Chair: Thank you, Ms. McLeod.

Mr. Brison, please.

Hon. Scott Brison (Kings—Hants, Lib.): Thank you very much to all of you for joining us this morning.

I want to start with the whole issue of immigration. I'll start with temporary foreign workers.

Recently I met with a number of industries, organizations, and businesses, ranging from manufacturers to seasonal work and farm organizations. The use of temporary foreign workers, I'm told, particularly in agriculture, is a global phenomenon. They are part of the production chain. I'm told by large operators in agriculture that any limitation on their access to temporary foreign workers will cost jobs for Canadians, because every temporary foreign worker, often in lower-end labour, creates, according to these business people, jobs further up the value chain for Canadian workers. If somebody is picking apples, later on there's a Canadian who's packing apples or making products with the apples or driving the truck.

What I'm hearing from the actual people in the business community is that temporary foreign workers are actually good for the Canadian economy and actually help create Canadian jobs.

I'd appreciate your views. Mr. Grady, I believe that your views are different from that. How do you respond to those business people?

●(1010)

Mr. Patrick Grady: The agricultural program is a program that's been around for a long time. There are very small numbers of workers in the aggregate. They are largely seasonal workers who come in to pick crops. They come in on a regular basis from year to year and then they go home. The program, I guess, has been quite satisfactory from the point of view of the Canadian agricultural producers. Other people have had some problems with the way some of these workers have been treated. They've had issues with respect to what happens if there are disputes with the employer. It's a very perilous position to be a temporary agricultural worker.

Hon. Scott Brison: I agree with you.

Mr. Patrick Grady: That was a program that had its own special issues.

What has happened, though, is that the government has expanded the temporary worker program by a quantum. They have applied it to a number of areas where you wouldn't think we would need temporary foreign workers, including areas such as the hospitality industry and services. Those are the types of areas where young Canadians get their first jobs, and you're bringing people in. It becomes easier to bring people in from abroad to fill temporary jobs in these industries than to maybe pay a little bit more and find young Canadians who are also new entrants into the labour force.

Hon. Scott Brison: Even on the hospitality side, I've heard from large-scale operators, and they are actually quantifying that they are paying more for the foreign workers. So it is a fallacy to say that they are trying to save money. They're actually paying more for these temporary foreign workers, who in some cases have significant skills.

On the whole issue of immigration, I'm fascinated by the Manitoba model and the success of the Manitoba model. It is something federal governments of both stripes and provincial governments of different stripes have been involved in. I'm told that the Manitoba immigration model and the success and dynamism it has brought to the Manitoba economy helped Manitoba get through the downturn better than other provinces.

Manitoba's population is getting younger. I'm a little bit jealous of that, coming from Nova Scotia, where we not only are teetering on decline but are getting a lot older. I met with Jim Carr, of the Business Council of Manitoba, last week. They are incredibly supportive of the program. I've spoken to the Indo-Canadian business community and the Chinese community.

How can you counter the success story of this Manitoba miracle of immigration and the immigration of these new Canadians who represent natural bridges to the fastest growing economies in the world? You bring some pessimism about this.

The Chair: Just give a brief response, please.

Mr. Patrick Grady: I have concerns about the proliferation of these provincial nominee programs and how they've been functioning. The number of workers being brought in on these has gone up by maybe four or so over the last few years. The problem is that—

Hon. Scott Brison: That obviously would not apply.

Mr. Patrick Grady: What you're doing is reducing the share of the immigration intake being scrutinized under Canada-wide criteria

to make sure that you're bringing the best people in. Provinces have their own priorities about who they bring in.

My understanding is that there are concerns in the department that in some of these provinces, the program is being used as a substitute for family class immigration.

Hon. Scott Brison: Thank you very much.

The Chair: Thank you, Mr. Brison.

Mr. Van Kesteren, please.

●(1015)

Mr. Dave Van Kesteren (Chatham-Kent—Essex, CPC): Thank you, Mr. Chair.

Thank you for appearing, Ms. Dubois. I want to ask you a quick question. You said in your opening statement that you thought the government should work towards tuition being paid.

There are countries that do that. Do you think, as those countries do, that we here in Canada should streamline students at an early age? In other words, by the time they're in grade 9 they know they're going to university or they know they're going to a trade school. That's what they do in other countries. Do you think we should do that in this country?

Ms. Roxanne Dubois: Actually, I think we should recognize that education is a fundamental part of building a sustainable and strong economy and society in Canada. Providing accessible education by reducing tuition fees is part of that, and I think—

Mr. Dave Van Kesteren: Should we streamline kids at an early age?

Ms. Roxanne Dubois: I think there are various ways of doing it. It may be an option, but there are also models where people decide to go to college or university, and there's a diversity of means—

Mr. Dave Van Kesteren: If we're going to pay for education, should we, at an early age, start to recognize that these kids have aptitudes in this area and that area? Should we do that here in Canada?

Ms. Roxanne Dubois: I'm sorry. There are various models of doing it, so—

Mr. Dave Van Kesteren: I'm asking about that model. Do you think we should do that?

Ms. Roxanne Dubois: It may be a way, but I think it is not necessary to do that to provide accessible education.

Mr. Dave Van Kesteren: But to understand correctly, those countries that do offer free education do that.

Mr. Fried, we've met a few times. You're a little bit critical—and I understand that—of the government's position and how it has handled aid in the past. But you do know, of course, that I believe our aid has doubled in the last five years.

We're undergoing a study right now in the foreign affairs committee about the role of the private sector. We've recognized, for instance, in Africa, that after 40 years of aid it's still wretchedly poor, possibly even in worse shape than when we first started to help a lot of these countries.

We had an interesting guest with us from USAID yesterday, and she gave us a quote from President Obama who said that unless we develop economies, we're going to be ineffective in aid.

We partner with organizations like yours, and you've done wonderful work, as have many other NGOs. Do you agree with the government's position of starting to look at new ways to help economies grow, and that would be to partner with the private sector that is working in these countries?

Mr. Mark Fried: Our understanding of development is that the primary actors are not foreigners, be they companies or development agencies or Oxfams; the primary actors are citizens and their own governments.

What we can do, as outsiders, is to help them.

Mr. Dave Van Kesteren: Help them grow their economies.

Mr. Mark Fried: The economy might be part of it. Certainly it's a piece of it, but it's not all of it. The role of aid and private investment can be positive and it can be negative. When there is citizen activism and government guidelines that guide it to development priorities, it can work.

The role of aid could be to help strengthen citizen participation in government and to help governments develop the proper policies to strengthen the institutions to be able to make the best use of foreign investment.

Mr. Dave Van Kesteren: But a country like South Korea, for instance, which was poorer than a lot of these African countries, has developed its economy and it no longer needs aid. So I think you'd probably agree....

I want to just—

Mr. Mark Fried: That's a terrific example, actually, and I'd love to talk more about it.

Mr. Dave Van Kesteren: How much time do I have, Chair?

The Chair: About a minute and a half.

Mr. Dave Van Kesteren: When I was first elected, and I guess I was a little green, I had somebody come into my office who had immigrated to this country about three years ago—don't quote me on the three years. She was very frustrated that she didn't have gainful employment at that point. She was actually coming in to talk to me about wanting a job. She felt she should work in the government.

Coming from an immigrant family, that was completely foreign to me. My response was, "You know, it's tough. As immigrants we have to accept that we're in a new country. But our kids are getting a great education, and there's a great future for them." I don't think she heard a word I said. When I was done, she said, no, I want that job.

Am I getting something wrong, or are we giving the impression, at the other end possibly, of something that might not materialize?

I leave that open to anybody.

Mr. Kurland.

Mr. Richard Kurland: That's precisely the challenge, and for the first time we've seen solutions on the ground that provide real options.

I take issue with some of the testimony you've heard today about reducing foreign workers to Canada. It's the opposite. Remember, a young foreign worker who is retained is precisely the demographic we're targeting—70,000 working holiday visas for young people have been offered now.

In addition, the settlement and integration costs to the government are zero when you upgrade the status of a foreign worker to permanent resident.

• (1020)

The Chair: Thank you.

[*Translation*]

Mr. Caron, you have the floor.

Mr. Guy Caron (Rimouski-Neigette—Témiscouata—Les Basques, NDP): Ms. Dubois, Ms. McLeod asked you whether you were aware of previous budgets or budget implementation bills. She referred to several lengthy bills under the Conservatives. Do you recall the figure she gave for 2009?

[*English*]

What was the number of pages for the 2009 BIA?

The Chair: Are you asking the chair?

Voices: Oh, oh!

Mr. Guy Caron: The question is really for anyone.

Mrs. Shelly Glover (Saint Boniface, CPC): [*Inaudible—Editor*]...for 2009 it's 552 for BIA one.

Mr. Guy Caron: Thank you.

I'll take 2009 as an example.

In fact, if you're looking at the BIA of 2009,

[*Translation*]

I think you will agree with me that the problem is not the number of pages, it is what is inside.

[*English*]

When we're looking at it, we're looking at amendments to the Income Tax Act, the income tax regulations, sales and excise taxes, customs tariffs, and so on. There is no mention of immigration. There is no mention of a complete reform of environmental evaluations. There's no reform of CSIS. There's no mention of the creation of an act about the interoperability of police forces in navigable waters.

I think you will agree with me that the difference with this bill, compared to previous bills, is

[*Translation*]

its scope, the number of areas it affects. I see you agree.

I have another question. Since 1995, the Liberal government and the Conservatives both increased the budget for health and social assistance transfers by 3%. You are probably familiar with the major reductions that resulted from the reform of social programs in 1995.

Can you draw a comparison between the transfers today, in real terms, and the ones from before 1995?

Mrs. Roxanne Dubois: In fact, we are still feeling the effects of those budget cuts today. That is one of the main reasons why tuition fees are going up in almost all provinces: there is a significant shortfall. Canada's education system is short of funding, to the point that students are facing situations that are tougher than in the past 10 or 20 or even 30 years.

Mr. Guy Caron: Thank you.

Mr. Lee, have you had a glance at CMHC's financial statements for the last year?

[English]

Prof. Ian Lee: Yes, but I didn't bring them with me.

[Translation]

Mr. Guy Caron: Would your appraisal be that CMHC's financial statements are positive and the agency is in relatively good health? If we go by its financial statements, would you say it is a well-managed institution at the moment?

[English]

Prof. Ian Lee: CMHC is making money. Many people attribute that to the mortgage underwriting policies of CMHC. As a former mortgage manager who's very intimate—

[Translation]

Mr. Guy Caron: My question—

[English]

Prof. Ian Lee: I believe it's due to the bank's due diligence.

[Translation]

Mr. Guy Caron: My question related to CMHC's financial health, and you confirm that it is in good financial health.

Canadians are familiar with two particular components of CMHC. The first is social housing; the second is the guarantee program for people who cannot put at least 20% down on a home purchase. In general, the proposal to make the Office of the Superintendent of Financial Institutions responsible for CMHC's assets and securitization activities is not bad in itself. It will eliminate taxpayers' liability for a major organization.

Where I see a problem in the direction you are going is when you talk about privatizing the activities. There are two factors. The first is that the private sector has never considered social housing to be a priority. There are no particular incentives for it to invest in social housing. The other factor relates to guarantees. CMHC occupies that niche because of imperfections in the market. This is somewhat the same as for the student loan program, where the private sector does not guarantee loans to borrowers who might present more of a risk.

That is why I think CMHC meets needs that the private sector could not meet. So how can you think that CMHC is in competition with the private sector?

• (1025)

[English]

The Chair: A very brief response, please.

Prof. Ian Lee: I never advocated the privatization of social housing. I argued that it should never be done by the federal government. Provincial governments are much closer to the people and they should be responsible. Those programs and resources should be transferred.

Very quickly on mortgage insurance, there's a huge difference between mortgage insurance, which is a commercially profitable project, and student loans, which are seen as something that's not so profitable.

Mortgage insurance can be done by the private sector very well. We don't have a government-owned London Life or a Great-West Life or those kinds of companies.

The private sector could do it if it weren't at a competitive disadvantage because the government guarantees 100% of CMHC but only 90% of the private sector. They have an unfair competitive advantage.

The Chair: I have Mr. Grady. Please be very brief.

I would just caution members that they should leave enough time for witnesses to answer.

Mr. Grady.

Mr. Patrick Grady: I just want to make one comment. Because of the large extent of mortgage insurance that CMHC covers, if there were to be a correction in the Canadian housing market, the financial picture of CMHC could look quite different than it does now.

The Chair: Thank you.

We'll go to Mr. Adler, please.

Mr. Mark Adler (York Centre, CPC): Thank you, Mr. Chair.

Thank you all for being here today. This is a very interesting discussion.

I feel like a hungry dog and you've all kind of thrown this nice juicy bone out there. But since I only have five minutes, I really do have to allocate my scarce resources.

I want to start with Professor Lee.

You spoke a bit about moving the OAS eligibility age from 65 to 67. I feel like we're looking down a tunnel and that light at the end is not the end of the tunnel but a locomotive racing towards us. All informed opinion can, and have, empirically demonstrate that our population is aging and that OAS is a social program for which, in order to maintain sustainability, we need to make adjustments to.

Could you speak to those adjustments that we, as a government, are making and whether they are responsible adjustments and in the interests of the sustainability of this very important social program?

Prof. Ian Lee: Just by way of answering your question, I only use data that I call "official" data, from OECD, IMF, StatsCan, the U.S. Census Bureau. I'll be very blunt. I don't trust data from NGOs or unions or professors or corporations or politicians.

Mr. Mark Adler: As do we. Good. We're on the same page.

Prof. Ian Lee: No disrespect. I only use official data from those official international organizations, such as the OECD, for example. The OECD has studied this in *Pensions at a Glance*, which they publish every two years, and it is non-partisan. It is funded by Canada and all the other OECD countries.

They have said very simply that public pensions are unsustainable in the western world, and there are very serious people who have said that, including Governor Carney. I've looked at it.

We're living a lot longer. I want to put this on very quickly, because people quote the life expectancy figure based on mortality over an entire lifetime. When you achieve the age of 65—so all the people who died before you are not part of your statistic any longer—you have a life expectancy of 84, for a female, and 82 for a male. So we cannot, as Greece is demonstrating brilliantly, and Spain and France, continue with policies where we are living 15 and 20 years longer than only 30 or 40 years ago.

The second point, to address your question, is that we are facing looming labour shortages. It is irresponsible to pay people to be unemployed in one part of the country when there are desperate shortages in another part, or just push them out the door into retirement when we need them in the economy to be able to fund people like me, when I retire.

Mr. Mark Adler: Thank you, Professor.

I read with great interest a lot of what you've written. I think you're spot on in so many different instances.

I will get to the CMHC and your earlier presentation, but in terms of how we are reforming our focus on free trade agreements—we've done nine since 2006, and we've got a lot in the hopper that we're currently negotiating—and immigration reform, could you briefly talk about the importance of free trade, the importance of engaging other countries in bilateral trade agreements, and the importance of immigration reform?

• (1030)

Prof. Ian Lee: I'll start with free trade. I'm much more familiar with that. I've been teaching and researching free trade for, literally, 25 years.

I'm absolutely mystified by people who don't, after this time, understand the importance of trade to well-being and standard of living. This has been known for 300 years, theoretically, from Adam Smith, Ricardo, to the present, and we know it from 300 of years of practice. And I say that because I've had the great fortune of travelling around the world and teaching in a whole bunch of really poor countries, like rural Ukraine and Russia and China and Cuba and Iran. I have seen the impact of countries that are more autarchic, that is to say they're more closed.

I tell my students it's really simple. You want to be poor? Close your economy. And if you want to be wealthy, open it up. I'm speaking colloquially to get my point across quickly. Trade is correlated to a higher standard of living: the more we trade, the better off we're going to do.

So it is absolutely essential that we sign more free trade agreements. I hope we sign free trade agreements with every country in the world.

Mr. Mark Adler: Thank you.

The Chair: You have 20 seconds.

Mr. Mark Adler: Okay.

Mr. Fried, I was a little taken aback by your comments that we need to do more in terms of international aid. As you know, we are currently drawing down in Afghanistan, but we've committed to building civil society there. We lost 158 of our soldiers in Afghanistan.

I'm really offended that you have come forward and said that Canada should be doing more in the international scene to help other countries. I think we've done quite a bit. We've doubled our international aid budgets over the last number of years, but we've also lost 158 soldiers in Afghanistan, helping that country to build a civil society.

I really take offence to what you said.

Mr. Mark Fried: Forgive me if I have offended you. Certainly that was not my intent.

Canada has done excellent work overseas, which is why we would like to see more money put into that budget to continue and expand that other work. Compared to other donors, Canada is still towards the bottom of the pack.

The Chair: Thank you.

Ms. Nash, please.

Ms. Peggy Nash (Parkdale—High Park, NDP): Thank you to the witnesses for being here today.

I want to echo what my colleague said and support Ms. Dubois in terms of its not being the number of pages in a budget implementation act, but the diversity of subject matter. When you have a bill like this that contains so many substantive changes that are rushed through with very little debate by this Parliament, it certainly doesn't have the proper public examination that one would expect in a clear, transparent democracy.

Ms. Dubois, you are a young leader; you are the head of the CFS. You are probably a future leader in some other capacity in the future of this country.

One of the challenges we face is democratic engagement. We've seen a declining participation rate in elections, and certainly young people are disproportionately less likely to vote, yet some of the challenges they face in terms of youth unemployment, student debt, and environmental degradation will disproportionately affect young people.

I wonder if you could try to describe what you take away as a message from this omnibus bill that will make so many substantive changes in so many domains of our country, many of which we won't really fully understand until they are rolled out for some years to come.

Can you comment on that, please?

Ms. Roxanne Dubois: The environmental changes are certainly an interesting case to look at, because obviously it's important to care for our environment and make sure the regulations we have in place do have teeth to make sure we fight climate change and that there are sustainable policies moving forward. It's certainly something young people care about and have cared about in the past, which is likely why there are these kinds of policies in place.

So when they're included in this budget bill without a careful examination of the impact on the environment of all these changes, well, it does not foster a sense of discussion and a sense of understanding of the impact of the changes we're putting forward.

Ms. Peggy Nash: Do you think it undermines the confidence that young people have in the strength of our democracy?

Ms. Roxanne Dubois: I think it does nothing to engage people, just by its very overwhelming nature.

Ms. Peggy Nash: Mr. Fried, you mentioned some of the measures in this budget bill that you believe will increase inequality. I'm wondering if you could elaborate on that a bit.

My second question to you is on the broader impacts of growing inequality. We know objectively that inequality is increasing in Canada. It is one of the greatest challenges that we face today. We see movements around the world—the *mouvement des indignés*, the people who are very concerned about growing inequality.

Can you talk a bit about what that means, perhaps from a democratic perspective, but perhaps also from the perspective of social cohesion and social well-being?

•(1035)

Mr. Mark Fried: I think you said it well. Inequality does lead to unhealthy societies—unhealthy even in the sense of health, that people who are poor live less long and are more prone to unhappy lives.

The World Bank is quite clear that inequality—

Ms. Peggy Nash: Would that be for the people at the bottom end of the income scale—I'm sorry to interrupt you—or do you agree with Mr. Wilkinson in the U.K. that it can have broader effects to people of all income levels?

Mr. Mark Fried: I'm not an expert on it, but certainly that sounds right to me.

The World Bank has been very clear that inequality limits economic growth and can actually be quite damaging to the economy and quite costly to society, particularly when you have large numbers of people who are not doing well.

On the particular measures in the bill, we're not experts on that, but I would point out that if the employment insurance requirements are going to require people to accept a job that is an hour's drive away, that would have a different impact on men than on women who are responsible for caring for the family, are unable to find day care in the place, and therefore make it very difficult to accept that job. So I would encourage you to take into account these differential impacts on men and women, rich and poor, young and old, when contemplating these measures.

Ms. Peggy Nash: Thank you.

Mr. Waldman, can you just comment for us—

The Chair: You're out of time here, sorry.

Ms. Peggy Nash: We get five minutes to question.

The Chair: I'm going to have to be a little tougher on the time.

We'll go to Mr. Jean.

Mr. Brian Jean (Fort McMurray—Athabasca, CPC): Thank you, Mr. Chair.

I have just a couple of questions. Try not to be too tough on time, please. Maybe start that after I am done.

Mr. Waldman, you are an immigration lawyer in Toronto?

Mr. Lorne Waldman: That's correct.

Mr. Brian Jean: Is it true that you are seeking class action certification to sue the Government of Canada in relation to the immigration reforms?

Mr. Lorne Waldman: There is a case management conference today with a judge in the Federal Court on the issue of whether or not we're going to be able to proceed with that matter. I'm representing some people who are considering challenging this legislation.

Mr. Brian Jean: That's a good way of saying yes. I am a lawyer too, but I can read through that. Thank you very much for that information. So you are planning on suing the Government of Canada over immigration reforms.

I'd like to talk to the other people who came here today to talk about immigration. Should immigration laws be for Canadians or should they be for the immigrants?

Mr. Lee, would you please comment on that?

Prof. Ian Lee: I haven't looked into the details, but you are asking more of a policy-level question. You and the members of Parliament are elected by the citizens of Canada, not by the citizens of some other country around the world. They have their own parliaments and their own representatives. I believe that your responsibility, duty, and due diligence are to the Canadian people. Immigration should be benefiting Canada and serving Canada's needs, which are acute because of the aging of the population.

Mr. Brian Jean: You mean the overall needs, not specifically one Canadian here and one Canadian there?

Prof. Ian Lee: It's based on the needs of the Canadian economy in order to make us more competitive, so we can maintain a high standard of living, so that we can continue to afford our social programs and universities and so forth.

Mr. Brian Jean: I don't need to hear any more from you. Everything you have said so far today has been absolutely 100% what I would say if given the opportunity.

Mr. Kurland.

Mr. Richard Kurland: I'm scared.

Voices: Oh, oh!

Mr. Richard Kurland: A delicate balance has to be struck. Canada does have obligations at the diplomatic level. We do have relationships with other countries around the world. We do respect their citizens. We should provide them the opportunity to taste the values of Canadian fairness. Fundamentally, those have to be balanced against the interest of Canada. That is first and foremost.

Mr. Brian Jean: That's where I'm going to stop you, if you don't mind.

Do all of you have a family doctor? I see you nodding, but the microphone doesn't pick it up. Does anybody here not have a family doctor? Do you have a family doctor?

Mr. Richard Kurland: Yes.

Mr. Hoang Mai (Brossard—La Prairie, NDP): I don't.

Mr. Brian Jean: You must be from Fort McMurray. Are you from Fort McMurray, Mr. Mai?

•(1040)

Mr. Hoang Mai: No.

Mr. Brian Jean: I will tell you that I have lived in Fort McMurray for 47 years. We have the lowest doctor-to-patient ratio in the OECD. Do you know that? I haven't had a family doctor for 20 years. When I need to see a doctor, I come to Ottawa. Why? Because I can see a doctor here.

Do you realize that Bill C-38, for the first time in our history, allows us to have the opportunity to fast-track a doctor who is going to go to a rural community? Do any of you realize that?

Could you comment on that, Mr. Lee?

Prof. Ian Lee: That's the kind of thing I am talking about when I say we need to identify gaps, needs, or deficiencies in Canada. Then we use public policy to address those needs. I can't see any other function of the immigration policy. It's not to "save the world". The United Nations does that. Our job is to look after the people in our country.

Mr. Brian Jean: Some people would argue with your comment in relation to the United Nations saving the world, especially as of late, with some of the recent appointments.

Has anybody lined up for an hour at Tim Hortons to get a coffee? Have any of the witnesses here? I have in Fort McMurray, in northern Alberta. I have lined up there, because I can't get employees. I closed down a Quiznos—the busiest Quiznos on the planet—because I couldn't get enough employees. I closed it down.

This is the problem with the immigration system. We do not have enough people to work.

I had other things to comment about, but you can tell I feel pretty strongly about these particular issues.

How appropriate is it for Canada and western governments to adjust their old age pension? I want to just deal with that very briefly. How appropriate is it? The OECD has identified that as being an issue.

The Chair: Who would you like to respond?

Mr. Brian Jean: Mr. Lee.

The Chair: Mr. Lee, go ahead briefly, please.

Prof. Ian Lee: I think it's extremely appropriate, actually. I actually argued in an op-ed that it should go to 70—not 67—with a provision for those who are in very physically challenging jobs or an exception clause that will allow that.

More and more of us are in services. Even though the figure quoted says that 15% are in manufacturing, that's a very misleading figure. Most of the people in manufacturing are not on the assembly line. They are in finance, marketing, and dealer relations. If you had the true figure for services today, it's upwards of 90% or 95%.

The Chair: Thank you.

Thank you, Mr. Jean.

[*Translation*]

Mr. Mai, you have the floor.

[*English*]

Mr. Hoang Mai: Thank you, Mr. Chair.

Mr. Lee, yesterday we heard from the other side that whether or not we should believe in a witness depends on whether or not he was a candidate.

Were you a candidate for the Conservative Party in 1993?

Prof. Ian Lee: I was a candidate once in my life, in the 1993 election in Ottawa Centre against the late Marion Dewar, former mayor of Ottawa, and Mac Harb.

I lost decisively and I did not challenge the results.

Voices: Oh, oh!

Mr. Hoang Mai: Are you currently a member of the Conservative Party?

Prof. Ian Lee: I am not a member, nor do I contribute to any political party.

Mr. Hoang Mai: Okay.

Hon. Scott Brison: In fairness, it was the Progressive Conservatives.

Prof. Ian Lee: That was the Progressive Conservative Party, that's right.

Mr. Hoang Mai: You also said that you believed in what the OECD said. The OECD has concluded that "Canada does not face major challenges of financial sustainability with its public pension schemes", and that there's "no pressing financial or fiscal need to increase pension ages in the foreseeable future". That's what the OECD has said.

To go back to what Ms. McLeod said regarding the previous budget, I find it a bit ironic that we're looking at what was done before, which I don't think we agree with, in terms of having an omnibus bill. I would also remind the party that they were a minority government then. Right now you are a majority government, so you don't have to look at what was done before in terms of having an omnibus bill.

One of the problems we have now is that we have a bill that deals with 60 or 70 other laws, and we have so many issues in this bill.

[Translation]

Ms. Dubois, I would like to ask you a question about young people. We know the youth unemployment rate is nearly double. How is this bill going to make it more difficult for young people to access jobs?

Mrs. Roxanne Dubois: There are actually several things that have to be considered. Most importantly, there are not enough resources in education. To help the economy, we have to make sure that people are well-educated and have the skills and knowledge they need to participate in the Canadian economy.

In terms of resources, there is also training for people who are unemployed and who could be given new training so they have new job opportunities. That is something to add.

As well, in the public service, young people are at the bottom of the ladder when it comes to seniority, so they are also going to feel the effects of reductions in the public service.

• (1045)

[English]

Mr. Hoang Mai: Mr. Fried, earlier Mr. Adler was attacking you regarding Afghanistan. I'll give you a few seconds to respond to that, because I saw that you had wanted to respond regarding the intervention in Afghanistan or what we were doing in terms of Foreign Affairs.

Mr. Mark Fried: I was simply saying that Canada....

I was not talking about Afghanistan. Canada has done some good work there. Canada's aid program is quite effective around the world. We'd like to see Canada doing more of that and pulling its weight. Among all donor countries, Canada is currently towards the bottom of the list of donor countries as a portion of our economy. We hope that Canada will increase that rather than cut it.

Mr. Hoang Mai: It does have an effect on how Canada is perceived overseas.

Mr. Waldman, I think we were talking about 280,000 people being affected in terms of immigration and in terms of the backlog being cancelled. Can you tell us about the fees people have to pay, or in terms of cost for the immigrant who wants to come here? How much does it cost for them? The government has said they will reimburse the fees. Are there other costs to them?

Mr. Lorne Waldman: I read you the story of this woman who contacted me. There are hundreds of people like that. That's why we went to court, because we want to try to protect their rights against what we think are the immoral actions of this government.

In terms of your specific question of the costs, there are the direct costs of the application fees. Then there is the cost of the English language test that most of them took. There is the cost of travelling to get the documentation. Then there are the other costs. In countries like China, when you tell them you're emigrating, you lose your opportunity for advancement. One person lost his job and it cost him several hundred thousand dollars of income.

Mr. Hoang Mai: Will those costs be reimbursed?

Mr. Lorne Waldman: None of those costs is ever going to be reimbursed, just the application fee.

The Chair: Thank you, Mr. Mai.

We'll go to Ms. Truppe, please, for a five-minute round.

Mrs. Susan Truppe (London North Centre, CPC): Thank you, Mr. Chair.

As you are aware, we've been talking about our commitment to building a fast and flexible economic immigration system that focuses on finding people with the skills and experience required to meet Canada's economic needs. The previous government left a huge backlog, and it took applicants up to eight years. Some are still waiting.

I'd like to ask Mr. Grady first, and then Mr. Kurland, if you can explain how the federal skilled worker program backlog has become a major roadblock to Canada's ability to respond to our rapidly changing markets.

Mr. Patrick Grady: Yes. The problem is that you have these applicants who were accepted, and they were accepted under the old criteria. These are no longer the criteria you would want to use to pick the workers who are most suitable for the types of employment currently being offered. There are annual absorption issues. Because of the size of the backlog, you haven't been able to bring them in on a timely basis. So the workers, the immigrants, are employed in their own countries for much longer periods of time. Studies have shown that overseas work experience is totally discounted in the Canadian labour market. These workers in the queue would have been evaluated under criteria that are no longer considered appropriate, and they would be much older than they were when they were considered appropriate for coming to Canada. You would expect that they would significantly underperform immigrants who are selected today based on more appropriate criteria.

Mrs. Susan Truppe: Right. Thank you.

Mr. Richard Kurland: There has been a paradigm shift in skilled worker selection. Don't forget that today, the provinces do the heavy lifting. More than 50% of today's skilled workers are selected by the provinces. After all, section 95 of the Constitution Act equally shares jurisdiction federally and provincially in the spheres of agriculture and immigration. So there is wiggle room in this situation of having a backlog of 284,000 applications.

It is possible to give people the freedom of choice. Why not have a 2,000 to 3,000 target per year available to backlog people? Let them stay in for 20 or 30 years, if that's their desire, but process 2,000 to 3,000 a year. The ones who have it should find another way to Canada, such as temporary status or another skilled worker category. But you can dodge the balloon in its entirety by not dumping the entire backlog. Give those people the right to choose to sit for 20 or 25 years, if that's their choice, or to take back their money and find other options.

• (1050)

Mrs. Susan Truppe: Thank you.

Mr. Lee, why is it important to ensure that CMHC's commercial activities are managed in a manner that promotes the stability of the financial system? What are the risks to the Canadian taxpayers if we're not diligent on that account and we delay such action?

Prof. Ian Lee: The biggest risk is that right now, the liability of the Government of Canada for CMHC is just under \$600 billion, which is about one-third of Canada's GDP. That's an enormous amount of money, and that's an enormous liability. I'm not suggesting that it's going to fructify. But there's no need for a government agency to be doing this when we have one of the strongest institutional financial sectors in the world. And it's not just the banks. Everybody focuses on the banks, which are extraordinarily well managed. People don't realize that we have outstanding competencies in the insurance sector, and I'm talking about casualty, life, and property.

Here we are with these outstanding companies, all regulated by OSFI. Yet we're hamstringing them and tying their hands behind their backs to give a competitive advantage to a government agency that once had a valuable function...[*Technical difficulty—Editor*] But today the markets have matured, and we can diversify and distribute the risk by making sure that we have a competitive private mortgage insurance market, as we do for property insurance, casualty insurance, and so forth.

Mrs. Susan Truppe: Thank you.

Mr. Kurland, very quickly, could you elaborate on the problems associated with economic immigration programs, such as the foreign skilled worker program prior to 2008, that accept immigrants who don't have skills?

Mr. Richard Kurland: Yes, sure.

There was no cap. Until we capped intake, we were taking in more files in a year than we could process in a year. Inevitably, the bathtub overflowed. And why no cap? It is because it's politically kissing the third rail of politics in the 416, 905, and 604 areas, the marginal swing constituencies.

The Chair: Thank you.

On a point of order, Mr. Jean.

Mr. Brian Jean: Mr. Kurland mentioned 2,000 to 3,000 in the queue. Did he mean 200,000 to 300,000?

Mr. Richard Kurland: Yes, sir.

The Chair: It's not a point of order, but I'll take it as a point of information.

Ms. Glover, please.

Mrs. Shelly Glover: Thank you, Mr. Chair.

I want to welcome the witnesses again. I find the conversation fascinating.

I'm going to actually concentrate a little bit of effort on clearing up, again, the record.

Ms. Dubois, I'm a bit concerned. Here's why. I'm a mom of five kids. I tell my kids all the time, only speak to what you know. It's been concerning for me, because I believe you have a bright future ahead of you, but you've come here today saying that the bill is too long, that it's not enough time to study it appropriately, and yet when we ask you questions about what you compare it to, we don't seem to get an answer. When you say it's too long, what did you compare it to in the past?

Ms. Roxanne Dubois: When being asked to appear in front of the committee, I was certainly asked to look at this budget. I'm—

Mrs. Shelly Glover: No, just tell me what you compared it to in the past? When you say it's too long, you have to have compared it to something.

Ms. Roxanne Dubois: Definitely, and we do work with various partners—

Mrs. Shelly Glover: What did you compare it to?

Ms. Roxanne Dubois: We compared it to, obviously, previous budgets.

Mrs. Shelly Glover: Okay. So if you compared it to previous budgets, then you would know that in fact over the last 20 years this is the longest period of time spent on a budget, and it is not the longest budget. You know that, right?

Ms. Roxanne Dubois: I would again bring up the environmental assessment section, for example—

Mrs. Shelly Glover: Hold on a second. I want you to show people that you actually know what you're saying is true, because as Mr. Caron prompts you, you again agree with what he says, which doesn't take into...

I'll give you an example. On the 2009 budget, for example, when he prompted you about it, saying there are only these little things in it, well, there were a whole lot more things in it, but you quickly agreed with his statement, which was incorrect. The proof is in the pudding. That bill is 552 pages, so longer than this one. That bill was studied for 11.5 hours. This one will be studied for 60 hours, the longest period of time in 20 years that a BIA has been studied. The 2010 bill included things similar to today's: the Canada Labour Code, EI, the National Energy Board, the Bank Act, environmental assessments. In 2009, it included EI, small business changes, wage earner...

• (1055)

I say this because I would encourage you not to be coached. When we ask you a question and you try to change direction without having studied what you're actually speaking to, it doesn't appear neutral. That's all I'm saying. I believe you have the best intentions, but it's clear you did not look at the past budgets, you didn't look at their length, you didn't look at the number of hours they've been studied. In fact, the proof is that you're actually wrong.

I do want to answer a couple of questions about Manitoba.

Mr. Grady, we were talking about the Manitoba example. I'm from the city of Winnipeg, and from the province of Manitoba, so immigration has been invaluable in my part of the world. In fact, Art DeFehr from Palliser depends greatly on immigration to make sure that his business runs. Not only Art, but there are a number of other organizations. Graham Starmer from the Manitoba Chambers of Commerce also says it's been truly valuable. In Manitoba, we do have some problems provincially with the fact that we have more public servant jobs per capita than anywhere else. That's not a way to provide jobs. I have people coming into my office crying who are immigrants and can't find jobs. The 14% unemployment rate of immigrants is really a bother.

So I would ask, do you not believe the government is on the right track if we believe in bringing immigrants here because we need to fill jobs, etc., and we actually focus and target our efforts on those who are at least skilled, to lower that unemployment rate, to fill those jobs that Art in Palliser has that he can't fill otherwise, because he's tried with Canadians? Don't you believe this is the right way to go?

Mr. Patrick Grady: There's an issue with respect to filling jobs. If you're just trying to fill jobs, then it doesn't matter what types of jobs—good jobs, bad jobs, service jobs, manufacturing jobs, resource jobs. I think you also have to specify exactly what types of jobs. You want good, high-paying jobs, professional, if possible, manufacturing, if possible. They're much better jobs.

Mrs. Shelly Glover: If you can find them.

Mr. Patrick Grady: I think the problem with a lot of these.... I haven't studied the Manitoba program, and I plan to do that at some point.

Mrs. Shelly Glover: Fair enough. We'll stop there.

Maybe Mr. Kurland can answer then, because he's likely studied it.

The Chair: Very briefly.

Mr. Richard Kurland: The Manitoba program, beginning in 1976 with the sewing machine operators, was a model of success. You target an occupation. You match it up with local demand. You bring in the people who will respect the terms and condition.

In the northern Alberta experience, the Tim Hortons, there were 100 foreign workers brought in from the Phillipines, and every one of them respected the terms and conditions.

That's the model we used back then. That's the model we use now.

The Chair: Thank you.

I just want to ask one final question, as the chair. I'm speaking as a member of Parliament who has been elected since 2000. If I look at the case files in my constituency office, over 80% every year have dealt with immigration.

I'm going to pose a question, and I'll allow Mr. Waldman and Mr. Kurland to answer. I think Mr. Kurland said it well. We can blame governments, but it's a series of policies that led to a system that simply did not work.

We've assisted hundreds of people and dealt with thousands of cases. I think we've done some good things at the margin, as a constituency office, and I'm sure other members of Parliament have done so as well. But the system was completely broken—for families, for entrepreneurs, for business people, for people coming in on visas. I mean, the system was broken and something fundamental had to be done.

Mr. Waldman, you're saying that what we're doing is not appropriate, but what would you do to deal with a system and a backlog that we've encountered as a government?

Mr. Lorne Waldman: I'll make two points. First of all, I don't disagree that things need to be done and I don't disagree with the idea of reform.

I have two concerns. First of all, I think what we're doing is wrong.

The Chair: What would you do, though? That's my question to you.

Mr. Lorne Waldman: Well, I think Mr. Kurland gave you the kernel of an idea. I think there are things that can be done. When the last backlog was mitigated, in the end there was a settlement that allowed the government to slowly process that backlog over a long period of time so that it didn't gum up the new system. I think Mr. Kurland's idea is one that has some merit.

To just completely eliminate the backlog is morally wrong. Let me just give you three things. One, you have to speak clearly and with transparency so that everyone knows the rules. If the rules are that we're going to retroactively change things, make that clear in the future so that people don't plan their lives around expectations that are then dashed.

For sure, reform the system. Some of these reforms may work; they may not. Mr. Kurland seems to think they will. I have more doubts, but let's give them a try.

You haven't really dealt with the problem, which is why most of the people come into your office, and it's the problem of family reunification. None of these reforms do anything to make family reunification easier.

• (1100)

The Chair: It's family reunification and temporary foreign workers.

Mr. Lorne Waldman: Anyway, I'm just telling you—

The Chair: I'll give Mr. Kurland equal time to answer that.

Mr. Richard Kurland: My goodness, don't discount Mr. Waldman's sage advice merely because he wants to sue you.

Voices: Oh, oh!

Mr. Richard Kurland: I was co-counsel, class counsel, in the first litigation against the then Government of Canada. I am not taking this matter to court at the present time. That's because I feel the government is doing the right thing. This is the right solution for a problem that has been plaguing this country for over 25 years. It is the first time it's being fixed.

You can come together and arrive at a compromise, hopefully without litigation; if not, I see it with litigation. Either way, this is the right plan for the right time.

If the consequences for 284,000 disappointed individuals are sad, they took the business risk of applying. They can seek temporary status as student foreign workers, knock on the provincial door, requalify for skilled workers, find family reunification through marriage or being sponsored by a relative.

The door is not shut; it's just that those are no longer the skills we need.

The Chair: I appreciate that very much.

Unfortunately, Mr. Grady, we're right at 11 o'clock. We have to go to our next panel.

I appreciate all of you being here today for a very lively discussion, for speaking truth to power—all of you. We sincerely appreciate that.

Colleagues, we will suspend for a couple of minutes to bring our next panel forward.

•(1100) _____ (Pause) _____

•(1105)

The Chair: I call this 66th meeting of the Standing Committee on Finance back to order. We are continuing our discussion of Bill C-38.

We want to thank our guests for coming in today and for joining us by video conference. We have four witnesses in this panel.

First of all, from the Canadian Auto Workers Union, we have economist Jim Stanford; from the Retail Council of Canada, we have Madame Diane Brisebois, the president and CEO; and Karen Proud, as well, from that same organization; by video conference, we have Professor Marjorie Griffin Cohen—she joins us from Simon Fraser University—and via video conference from Toronto, we have from Campaign 2000, national coordinator, Laurel Rothman.

Thank you all for being with us. Each of you has up to five minutes for an opening statement, and then we'll have questions from members.

We'll start with Mr. Stanford and proceed in the order I outlined.

Mr. Stanford, please.

Mr. Jim Stanford (Economist, Canadian Auto Workers Union): Thank you, Mr. Rajotte and members of the committee, for the opportunity to appear with you. I will focus my introductory remarks on the condition of Canada's overall labour market. In particular, I will argue that the labour market is characterized, and will continue to be characterized, by a condition of chronic excess supply. This contrasts with the oft-made claim that Canada is experiencing or is about to experience a major shortage of labour.

This issue is an important context for several of the measures that you are contemplating in Bill C-38, including the proposal to defer eligibility for old age security payments by two years and the plan to reduce and restructure employment insurance benefits, as well as measures to restructure immigration and migrant labour policies.

All of those are bundled, of course, into one piece of legislation. At the risk of repeating what just happened, I should add my organization's view to the record that we think it's inappropriate to consider measures that are very important, very long lasting, such as changes to OAS and EI programs, within the framework of an omnibus bill.

The issue of whether the labour market experiences excess supply or short supply is also very relevant to a wide range of economic policies. It's very common to use the official unemployment rate as an all-purpose indicator of the general supply/demand balance in the labour market. That official rate currently stands at 7.3%, which might not seem too bad, depending on your context. However, that rate is not an accurate indicator of true labour market balance, especially during a recession or in the period after a recession.

To qualify as officially unemployed for purposes of this measure, an individual must not only be working, but also actively seeking work. If you stop actively seeking work—according to the definition of that term by Statistics Canada—you disappear from the labour force, and hence from the unemployment statistics. This is an arbitrary hurdle that skews the resulting measure of supply/demand balance, especially when job searches may be inhibited by the view that there aren't positions to apply for. Perhaps I could mention that Albert Einstein defined insanity as doing the same thing over and over again, expecting a different result. In that case, if you've applied for 50 jobs and didn't even get a callback, applying for the 51st might be considered irrational.

It must be noted in this context that most unemployed Canadians do not receive EI benefits, so the idea that people are just going through the motions of looking for work in order to remain qualified for EI cannot explain this result.

I think that at this point in the business cycle, a better measure of labour market balance is the flip side of the unemployment rate, what we call the employment rate. It steps back from the issue of whether someone is actively seeking work and just asks if they are employed in any type of job.

A handout has gone around, and the graph at the top of that handout illustrates the trend in the employment rate in recent years. As you see, the employment rate fell dramatically during the recession by 2.5% of the working-age population. Since then, it has rebounded by only 0.6%. In other words, only one-fifth of the damage that was done to the labour market by the recession has been repaired. Indeed, in the labour market, it still feels like a recession, even though economists say technically we're in a recovery.

The last two months of labour market data were good. You'll see the last two points on that graph show a nice rebound, and that's very positive. Even with that, we're only back to where we were 16 months ago. In that regard, our employment recovery has stalled. I think it's worth noting that between one in four and one in three of the net new jobs created in Canada between the end of 2007 and the end of 2011 went to temporary foreign migrants. That program is playing a larger and larger role in meeting the new jobs being created.

How do we reconcile that graph with the claim that we have won back all the jobs that were lost in the recession?

This measure, as we should, takes into account ongoing population growth. Saying that we're back to the absolute number of jobs we had in the fall of 2008 is a bit irrelevant when we have to create hundreds of thousands of net new jobs each year to keep up with population growth in the four years since then.

We think a better measure of the actual mass of unemployment would take the non-participation of discouraged Canadians into account, and the table at the bottom of my handout does that. We add to the official unemployment tally, which is around 1.4 million as of April, about 300,000, representing the withdrawal from the labour market by many Canadians, as well as Canadians who are working involuntarily in part-time positions or who have a job but no hours or are waiting for the next shift.

By that measure, I estimate that true unemployment in Canada is about 2.3 million Canadians, or about 12% of the adjusted labour force.

• (1110)

The Chair: One minute.

Mr. Jim Stanford: It is an enormous shortage of jobs, not a lack of workers and not a lack of work ethic, that explains the decline in the employment rate pictured in the graph and the challenges in our households and communities.

Let me conclude by summarizing the relevance of this analysis for Bill C-38.

With chronic underutilization of our existing supply, policies that are aimed at compelling more labour force participation, such as the OAS deferral and the new rules cutting and restructuring EI benefits, are questionable. Those policies should be designed not to compel more labour supply but rather to support Canadian families in an era where there's a chronic shortage of jobs that dominates the outlook for our labour market moving forward.

Thank you for your attention. I look forward to our discussion.

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

[*Translation*]

We will move on to Ms. Brisebois, who will make her presentation.

Ms. Diane Brisebois (President and Chief Executive Officer, Retail Council of Canada): Good morning. Mr. Chair, members of the Standing Committee on Finance, we would like to thank you for inviting us to talk about the retail sector's concerns and recommendations regarding Bill C-38.

You have in front of you today a copy of the brief that was recently presented to the Standing Senate Committee on National Finance relating to the study on the potential reasons for price discrepancies in respect of certain goods between Canada and the United States, given the value of the Canadian dollar and the effect of cross border shopping on the Canadian economy.

[*English*]

Because we only have five minutes to present our comments and recommendations, I will get to the point immediately. I hope you will have time to carefully review our submission, which includes more details.

[*Translation*]

Of course, we will be very pleased to answer all of your questions after our presentation.

[*English*]

Our comments are timely considering that Bill C-38 will significantly change the personal exemption limits for Canadians bringing goods back into Canada, making it even harder for Canadian retailers to compete with their U.S. counterparts. We will focus on three significant areas that we believe need to be addressed by this committee. They include import duties on finished goods, supply management affecting prices of food products such as dairy and poultry, and regulatory harmonization. You'll also note that the submission before you speaks to vendor pricing, which is a matter we discussed at length with the Senate committee.

Let me quickly address import duties. One of the main areas where the federal government has a role to play in levelling the playing field for Canadian retailers and importers is in eliminating the outdated tariffs on finished goods entering into Canada. While Finance officials often note that these tariffs are only applied to 10% of all products entering Canada, they unfortunately are overly represented in the retail sector. For some retailers they represent close to 100% of the items they import into the country.

As an example, on page 9 of our submission, which we circulated

• (1115)

[*Translation*]

—it is on page 8 in the French—

[*English*]

we have listed the tariffs applied to sports equipment. For the most part, there are no duties applied in the United States for retailers importing those goods, yet the same products entering into Canada carry tariffs as high as 18%.

On page 10 of both the French and English versions of our brief, we provide another sample list of some of the tariffs we believe should be eliminated.

We thus urge the government to support the elimination of tariffs, as the minister had noted in the budget that he would be looking at this issue seriously.

The second matter relates to supply management, which we all agree is not always a very popular issue to discuss. One area that has not been discussed in full is the effect of the difference in pricing of dairy and poultry products between Canada and the United States. I draw your attention to page 12 of the report and the table that shows the difference in prices between both jurisdictions for supply managed food products. I think you will find it as shocking as we have.

While retailers fully respect and support Canada's agricultural community, we do know from our members that these products are the most popular products purchased by consumers during the great majority of the same-day cross-border shopping trips. In fact, dairy products, poultry, gas, alcohol, and cigarettes are the five top items that are brought in on same-day trips. There is a trend.

At the very least, should the current system continue to be sustained, the government must acknowledge its role in supporting marketing boards and higher prices in Canada for those popular grocery products. If the government wanted to provide retailers in Canada with a level playing field, it should have exempted or restricted these supply managed products from the personal exemption limits that have been increased by this bill, as it has done with tobacco and alcohol, and actively enforce those rules at the border.

The final point is regulatory harmonization. I would like to speak briefly about the need for better harmonization of regulations and policy.

Lack of harmonization and different standards and requirements contribute to increased prices of products in Canada and decreased productivity.

We applaud the government's creation of the Canada-U.S. Regulatory Cooperation Council. However, even after this was announced in February 2011, as our submission outlines, a new car seat testing regulation came into force, which was not at all harmonized with that of the United States.

Because of time, I will immediately conclude my remarks and thank the committee for its consideration of issues of concern to our sector.

Thank you, Mr. Chairman.

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

We'll now hear from Professor Griffin Cohen, please, for a five-minute opening statement.

Ms. Marjorie Griffin Cohen (Professor, Simon Fraser University, As an Individual): I would like to thank the committee for inviting me today. There are two issues I would like to discuss. One relates to part 4, division 42, in the bill, regarding amendments affecting the federal contractors program, and the other is EI changes and what those will mean for women in B.C.

Division 42 of part 4 amends the Employment Equity Act to remove the requirements for employment equity that are specific to the federal contractors program. I imagine the committee has seen this, but just to remind you, what this sentence does is to say that the minister is responsible only for the administration of the federal contractors' employment. What it cuts out from the Employment Equity Act is the following:

and shall, in discharging that responsibility, ensure that the requirements of that Program with respect to the implementation of employment equity by contractors to whom the Program applies are equivalent to the requirements with respect to the implementation of employment equity by the employer under this Act.

This effectively does away with the requirements for contractors to meet employment equity standards when they work for the federal government.

The minister now has the latitude to establish any standard he or she would like, or none at all. This is really a huge blow to women in Canada and to other groups who are protected by human rights, including aboriginal people, visible minorities, and people with disabilities.

I had a complaint, along with six other women, about the unfairness of the Canadian research chairs in Canadian universities. It went to a human rights settlement, but it could do that only because of the contractors program. So it is incredibly important that this kind of program exist. Even what are usually good employers, like universities, will behave badly if they are not forced to meet employment equity standards.

The other issue I want to raise is employment insurance. This has received media attention primarily because of what it will mean for seasonal workers who are in largely male-dominated jobs. I want to point out what these changes will mean for women.

The structure of employment in Canada has changed considerably over the last 20 years, and full-time, full-year work is less common, particularly for women. Women predominate among the part-time, part-year workers, and these are the workers who are going to suffer from this.

According to the OECD, Canada has an absolutely dismal record of protecting workers, coming 29th out of 30 members, and now it will only get worse.

The issue is how women get to qualify for EI. Right now it's very difficult. In B.C. only 35% of the women who are unemployed qualify for employment insurance, and this is compared to a 38% average for women in Canada and a 42% average for men in B.C. Women in B.C. really do suffer because of the structure of their labour force participation.

I can give you an example from my own department in the university. It is part of a structure of employers to rely on part-time workers and temporary workers. These are people with PhDs. Sixty percent of the teaching in my department is done by people who are not full time and permanent.

These are the people we're going to be forcing to take lower incomes and to look for other kinds of jobs that will be unfair for them. There are all kinds of workers who do temporary and part-time work—hospital cleaners, home support workers, group home workers, legal secretaries, child and youth workers, and of course many who work in the tourism industries. Much of this work is skilled work, but the jobs are not necessarily high paying. Going from making \$14 or \$15 an hour to making \$10.25, the minimum wage, makes a very huge difference for women.

We see that this legislation will contribute to a low-wage policy, and already the vast majority of low-wage workers are women, so these policies will affect them. I would like the committee to understand that.

Thank you.

• (1120)

The Chair: Thank you for your presentation.

We'll hear now from Miss Rothman, please.

Ms. Laurel Rothman (National Coordinator, Campaign 2000): Hello. Thanks for the opportunity to appear before you.

You're probably aware that Campaign 2000 is a network of organizations representing low-income people, affordable housing, child care and health care providers, food banks, labour organizations, and women's groups. We've been tracking progress, or lack thereof, on child and family poverty for at least 20 years.

We were quite disappointed not to see measures addressing poverty or inequality in Bill C-38, and I guess we were jarred again by the recent report from UNICEF measuring child poverty in the world's richest countries, which reminds us that even among our peers, the economically advanced nations, Canada ranks 24th out of 25. UNICEF also emphasizes that poverty is one of the most costly mistakes a society can make—and it is indeed one that we can ameliorate.

The most recent statistics show that 639,000 children, or about one in 10, are still living in poverty. That doesn't well reflect the numbers in first nations communities, where it's closer to one in four. It's important to remember that about one in three of those children in poverty has a parent already working full time. So the issues we've been talking about with regard to labour market and labour replacement income under EI are relevant to poverty reduction.

UNICEF also confirmed that public policies in the form of taxes and transfers make a big difference, which is why we had wanted to see some progress on that. Of course, in Canada we have strong evidence in the progress we've made to date, both from our programs assisting seniors—OAS, GIS—as well as with children. I don't know if you have in front of you a copy of the report card that was sent, but we have a good chart where we show the impact of taxes and transfers, including employment insurance, the Canada child tax benefit, the national child benefit supplement, and the GST credit. Before those were taken into account, we would have had 25% of children, one in four, in poverty, and after those taxes and transfers, the rate went down to 14%, preventing about 770,000 children from living in poverty.

The other important point is that the CCTB and the NCB address both poverty and inequality. The maximum benefit goes to families with net incomes under \$24,000, but the progressive nature of the benefit trails out so that almost 90% of children receive something. Obviously, in families with more income they receive less.

So what we are suggesting is that to both prevent and strengthen child and family poverty we need to retain, if not enhance, those existing taxes and transfer measures, including EI, the national child benefit. I think we need a more updated look at the GST credit—or now we'd call it the HST credit in many places—and we need to focus on creating better jobs. Specifically, the child benefit needs to be increased to a maximum of \$5,400, and even at that, our lone-parent mother would need to earn at least \$12 an hour for at least 34 hours a week, plus the child benefit, to bring herself and her child out of poverty.

We believe that poverty reduction and eventual eradication is a key part of a prosperity agenda. Remember, these funds in families on tight incomes are all spent in local communities. They're not sent abroad. Unfortunately, people aren't able to save, but they desperately need that money for food and rent. So this direction will address some critical needs of our most vulnerable Canadians

and will reduce intractable social and economic problems for years immediately ahead and to come.

Thank you.

● (1125)

The Chair: Thank you very much for your presentation.

We'll begin members' questions with Mr. Marston, please.

Mr. Wayne Marston: Thank you, Mr. Chair.

Once again, we have a wealth of expertise here in a lot of very important areas. I think I'm going to spend most of my time with Mr. Stanford.

Regularly, sir, we hear the government members here and in the House talk about net jobs—700,000 net jobs—and on face value it sounds really good. The materials you brought before us today counter that argument. Very clearly, you're saying that the jobs that have been created, first of all, are not necessarily that good, and there's a certain discounting that's been done with the number of people who have lost their jobs.

Would you like to comment further on that?

Mr. Jim Stanford: I wouldn't dispute the empirical accuracy of the claim that net new jobs have been created and net new jobs are an important variable to follow. The question is, how do you appropriately interpret that measure? In a country like Canada, whose population is growing relatively quickly...we have one of the fastest rates of population growth in the industrialized world. Our labour force, or working-age population, grows by between 1.3% and 1.5% per year.

We have to be creating hundreds of thousands of net new jobs year after year just to keep up with that normal course of population growth. It's particularly important when you're making international comparisons. Think of a country like Germany, which has virtually no population growth. Canada has created net new jobs; Germany hasn't. But Canada has to create hundreds of thousands to keep up with population growth; Germany doesn't.

By a more appropriate measure, which is the number of jobs relative to the size of the working-age population, Germany's labour market has been much stronger than Canada's through the recession and the subsequent recovery. Their employment rate is actually higher than it was before the recession, whereas the graph I showed you shows that Canada's is still substantially lower than before the recession.

There is also an issue about the quality of jobs that is not captured either in the net new job measure or, frankly, in my graph. My graph just asks whether you're working or not. There has been some growth in part-time work and precarious work through that period. But I think the bigger issue is the context in which you interpret a statement like the number of net new jobs. Canada's labour market relative to our population is still far weaker, near the worst conditions at the bottom of the recession.

•(1130)

Mr. Wayne Marston: One of the things that happened at our pre-budget hearings is we had a number of people talking to us about a figure that was thrown out. It was \$500 billion of business capital that was sitting. Nothing was happening. Part of the pre-budget was whether we're going to have an austere budget or whether we're going to have an investment budget. With the bond rates as low as they are, would this not have been a good time for this government to use their borrowing power to start addressing the Federation of Canadian Municipalities' deficit in infrastructure, which is around \$122 billion?

Mr. Jim Stanford: You mentioned the issue of cash and other short-term financial assets not being mobilized within the business community. I do think that is an important problem. Think of the economy as having four major players in it, if you like, who have to be spending, and in general borrowing and spending, in order to propel the economy forward and create jobs: consumers, government, foreigners—in the sense of our net exports—and then the business community.

Consumers and governments have both gone deeply into debt during the recession, and are concerned about the debt and are looking at curtailing their expenses. Our net exports to the rest of the world have declined significantly, partly because of economic weakness in the rest of the world, partly because of our overvalued exchange rate.

That means we're very dependent right now on business opening the taps of capital spending in order to balance out our recovery. As yet that hasn't really happened. In fact, business investment spending is still the only source of domestic spending in our economy that is lower in real terms than it was before the recession.

So I'm in favour of measures to try to stimulate more investment spending, both by businesses and by the public sector, and there are very important investment infrastructure programs that the government can and should be taking on in part to address the downturn in employment that I documented.

Mr. Wayne Marston: I'd love to ask you several questions about OAS. I can't do it. I'm just about out of time.

There's been a particular interest by some government members in the operations of unions. The CAW, when they have their convention, puts a financial document before their members that shows their operating budget. Is that correct?

Mr. Jim Stanford: Yes, we release audited financial statements twice yearly. Those statements are public. In fact, in most jurisdictions we're required to file them with the labour board. So there's no issue about the transparency or public nature of our financial statements.

The Chair: Thank you, Mr. Marston.

Ms. McLeod, please.

Mrs. Cathy McLeod: Thank you, Mr. Chair, and I'd also like to thank the witnesses for coming and appearing on this very important budget.

I'd like to start with Ms. Rothman. Certainly child poverty is a concern. I think it's got to be a concern to everyone. I know that in

regard to affordable housing, for example, with the economic action plan we actually managed to double housing throughout my riding. I think we have made significant strides, but I would never feel that the job is done for sure.

Could you help me in terms of Canada's numbers, because I think Canada does have some unique challenges in terms of rural, remote, urban? Does the study actually break things down at all in terms of where those challenges are?

Ms. Laurel Rothman: Are you referring to the UNICEF study?

Mrs. Cathy McLeod: Yes. Looking at Canada and the challenges that we have, can you talk about the rural, remote, and urban variations?

Ms. Laurel Rothman: Absolutely.

First of all, we should also remember that of course some groups are at much greater risk of poverty than others. One in two children in recent immigrant families lives in poverty. Unfortunately, children of all immigrants, including those who may have been here for a couple of decades, still have a higher rate of poverty than others, as do children in lone-parent families, children of aboriginal identity, and of course children with disabilities.

It is important to look at a finer grain, if you will, to drill down to the details. Most low-income families want to work. There often are lots of reasons why many are not able to work. Health, family separation, divorce, lack of child care—they are often the reasons why people are not working at the moment.

By the same token, those who are working find that transition to be a very difficult one. In rural areas, for example, or areas where manufacturing has left.... For example, in the greater Toronto area, we have a much higher rate of child and family poverty, including the suburban ring around Toronto.

Obviously local conditions make a big, big difference.

Having said that, so do public policies.

•(1135)

Mrs. Cathy McLeod: Thank you.

Certainly in terms of immigrants and the successful integration of immigrants, this budget actually looks at some significant changes in terms of ensuring that immigrants who come to Canada have matching jobs.

Representing and having worked in some rural and remote communities, including some aboriginal communities, I've seen many examples of where the aboriginal communities have partnered with the resource sectors in a very positive way, whether it be forestry or whether it be mining opportunities. Not all have been successful, but certainly moving forward, I think, changes....

I did note that you said that having opportunities for positive employment is critical. I think as we move forward in our rural and remote communities...and again, I can look at a number of examples of really positive...moving forward together. Having the changes we have had to protect the environment but also to allow these projects to move forward I think will be very important for some of our aboriginal communities.

I'll quickly shift to you, Ms. Brisebois, in terms of the issue I think you identified with eggs, poultry, and gas. I would think that those typically would be under 24 hours, which has not changed. Is that accurate?

Ms. Diane Brisebois: Exemptions have not changed. We were just bringing it to...because those are the most popular items.

Mrs. Cathy McLeod: Okay. So the budget has not actually changed that particular issue. It will be the same as it has been.

Ms. Diane Brisebois: Well, the point is, does it really matter if the exemptions have changed if in fact consumers coming back into Canada are not declaring or being asked to declare the goods they buy? I think the question is how we monitor that and how we ensure that taxes are paid.

Mrs. Cathy McLeod: Yes, and of course what we're trying to do

The Chair: Can you wrap it up?

Mrs. Cathy McLeod: Okay.

If you don't have this, perhaps you could share it with us, but I've been wondering...because we're aligning with the United States. Obviously there are Americans who come up and spend money in Canada. How does the balance work?

Thank you.

The Chair: Thank you.

We'll go to Mr. Brison, please.

Hon. Scott Brison: Thank you very much.

Thanks to each of you.

Mr. Stanford, it's good to see you again. I have a question on the temporary foreign workers.

There is a fear...and I've heard people say that there's a threat to taking jobs from Canadians. Yet when I speak with companies, businesses, and farmers who use temporary foreign workers, they've been able to quantify that reducing access to temporary foreign workers could actually threaten Canadian jobs, because the Canadian jobs created as a result of temporary foreign workers are further up the value chain. In fact, temporary foreign workers are part of the global production chain in certain industries, particularly in agriculture, but increasingly in other industries as well. We're actually hearing evidence from employers that these are not taking jobs from Canadians; they're actually leading to higher-value jobs at other levels of production.

Just briefly, I'd like your thoughts on that.

Mr. Jim Stanford: Well, I certainly accept that temporary foreign workers seem to be part of an emerging global production chain; that is to say, it is a way for employers to—in a way—tap into very desperate, very low-wage pools of labour from other countries and to bring them to Canada.

Hon. Scott Brison: On that point, in my riding, I know that temporary foreign workers are costing about \$14 to \$15 per hour, compared with the minimum wage in Nova Scotia, which is significantly less than that.

Mr. Jim Stanford: I do think the claim that more Canadian jobs are created when you bring these workers in is not—

Hon. Scott Brison: But what if you can't get people to pick, for instance, or to harvest? You can't get local people to do it. You will get them to pack the fruits and vegetables. You can get them to drive the trucks.

But what do you say to the employers who rely on those...?

• (1140)

Mr. Jim Stanford: Well, first of all, I would say that this kind of classic stereotype of the temporary foreign worker as someone who picks produce in a field is increasingly inaccurate. That's a small share, and a shrinking share, of the total number. You're seeing temporary foreign workers in retail, in food service, and in light manufacturing—throughout the economy. Perhaps in your riding, sir, it's more typical, but I don't think it's typical of the overall experience.

Secondly, the issue is, why won't Canadians do it? Is it a question of the compensation that's paid for doing a very difficult job? If you can bring in someone from Mexico who will do it, it may cost them \$14 or \$15 on the employer side, but that's not what they're being paid—

Hon. Scott Brison: It's a complex issue, but I just wanted to present a....

Mr. Jim Stanford: Yes, right.

Hon. Scott Brison: You mentioned Germany. Germany, in terms of training, apprenticeships, and maintaining the honour of the trades, it seems to me... I'd appreciate your views on whether or not we could learn quite a bit from Germany in terms of human resource development.

Even in terms of things like income inequality, Germany does not have as much of a gap in terms of incomes as we do in Canada, for instance. Could you briefly opine on that? But briefly, because I have some other questions as well

Mr. Jim Stanford: I think we have a lot to learn from Germany in skills development, but also in a number of other areas.

Certainly, the integration between the college and skilled trades training programs, and the needs of employers and actual machinists and other very specialized trades, is more successful than it is here. That's also backed up with a very successful macro and industrial policy framework, which has first and more significantly enhanced global demand and the global success of German-made products, which is what created the jobs for those skilled workers in the first place.

So I think that across the board, both at the labour market level and at the macroeconomic and industrial strategy level, we could learn a lot from Germany.

The Chair: You have 30 seconds, Mr. Brison.

Hon. Scott Brison: Ms. Rothman, it is good to have you before committee again.

Forty per cent of the Canadians who are receiving OAS make less than \$20,000 per year. Fifty-three per cent make less than \$25,000. Will the changes to OAS potentially exacerbate the issue of income inequality and poverty in Canada?

The Chair: A brief response, Ms. Rothman, please.

Ms. Laurel Rothman: Yes, from my understanding, certainly, I think we have to worry about a number of things, including what will happen to the 65- and 66-year-olds who, for whatever number of reasons, are not able to be in the labour force. In fact, some groups that I'm involved in have indeed recommended that the age for OAS and GIS go down, not up. In some industries, people are simply not able to work as a result of physical stress, etc.

I think the other major concern is what it does to the provinces in terms of low-income people who may have no resort other than to rely on social assistance, and of course that's something that provinces, as I understand it, have not been.... The discussion has not happened intergovernmentally, and that's a big issue for many budgets.

We would argue that what happens to seniors is important for all of us across the generations.

The Chair: Thank you.

We'll go to Mr. Van Kesteren, please.

Mr. Dave Van Kesteren: Thank you, Chair.

Ms. Rothman, I'm going to continue with you, if you don't mind.

A discussion we had here with a former panel—it was either Mr. Kurland or Mr. Grady...no, Mr. Lee, I think. It was interesting to hear this as well, because they didn't use their own opinion, but they quoted the OECD and the IMF, and a third.... At any rate, the quote and suggestion were that in the western world the current level and direction we're going in pensions is unsustainable. They didn't say it was just Canada; they said it was throughout the western world. We have to make changes.

I'm curious. You said you've heard sources that say we should lower.... Where are your sources when you suggest that we should be lowering? What group is making those?

•(1145)

Ms. Laurel Rothman: I'm saying that. Among our partners, be they food banks, women's shelters, community service organizations, health care providers, housing providers, people we work with—and we look at the trend in terms of health, aging, and work. People are saying they think we should be going in the opposite direction. That's all.

Mr. Dave Van Kesteren: I hear you. That's good. I don't think there are too many people who wouldn't agree we'd love to have retirement much lower, but I'm suggesting that those people in the field are telling us we can't sustain this. I wanted to make that clarification.

Mr. Stanford, I appreciate seeing you here again today. You were talking about...and I think those were great suggestions, but when we're looking to get businesses to start to spend that money they supposedly have in reserve—you thought possibly we should be

encouraging them to do that—do you have some suggestions for the committee that we could bring forward?

Mr. Jim Stanford: In my judgment, what has not been effective in general in eliciting more investment spending by business has been across-the-board reductions in the general corporate income tax. Those are not tied to any incremental investment decision by the companies. I would be more supportive of something that was tied to an incremental decision to spend, such as an investment tax credit type of regime. I would also be supportive of partnerships between the private and public sectors in areas that are aimed at facilitating high-tech, value-adding investments, such as the auto partnerships in Mr. Watson's community and elsewhere.

It ties into Mr. Brison's earlier point as part of a broader framework to develop high-value, export-oriented industries. It's an idea that used to be called industrial policy. I think in the current framework it's more appropriately called sector development policy.

Mr. Dave Van Kesteren: Has accelerated depreciation been a good program?

Mr. Jim Stanford: Accelerated depreciation is certainly better than an across-the-board corporate tax cut. You have to pay to play, in essence.

Mr. Dave Van Kesteren: I appreciate that. Your suggestion is that corporate taxes...but you recognize we've had a number of economists who have a completely different and opposite position on that as well. They say if we raise the taxes, in essence we will be stagnating growth.

Mr. Jim Stanford: I've certainly heard those arguments, yes.

Mr. Dave Van Kesteren: Good. Thank you.

The Chair: Thank you, Mr. Van Kesteren.

We'll go to Ms. Nash, please.

Ms. Peggy Nash: Thank you. Welcome to the witnesses.

I want to start correcting the record, because the federal government had asked for a study on our pension system. Edward Whitehouse, who researches pension policy on behalf of the OECD and the World Bank, concluded that Canada does not face major challenges in financial sustainability with its public pension schemes, and there is no pressing financial need to increase pension ages in the foreseeable future. Just so we're clear, if we're looking at data, those are the facts, and they are based on the OECD.

Mr. Stanford, can you tell us what your background is? Are you an economist?

Mr. Jim Stanford: Yes, I'm an economist. I was trained at the University of Calgary, where I studied at the same time in the same department as a certain prime minister. Then I received graduate degrees in England and America.

Ms. Peggy Nash: What is your latest degree?

Mr. Jim Stanford: I have a PhD in economics from the New School for Social Research in New York City.

Ms. Peggy Nash: I've seen you on television. I guess you're a public commentator as well.

Mr. Jim Stanford: Yes, I do that. As part of my work as an economist for the union, I comment publicly on economic policy issues.

Ms. Peggy Nash: Okay.

You talked about Canada having one of the fastest population growths among the OECD and that we're still in a fairly fragile situation—I don't know if that's putting words in your mouth—but we're not fully recovered from where we were before the recession. Certainly, there have been announcements of public sector job cuts, 19,000 in addition to 10,000 previously announced.

I'm wondering, with these public sector cuts and some of the other changes you've mentioned, such as with OAS, EI, and immigration, do you agree that this is a budget that will create jobs and prosperity for Canada? That is the short title of the budget implementation bill.

•(1150)

Mr. Jim Stanford: I would judge that the general fiscal stance of this proposed budget is definitely contractionary. The reduction in the overall level of government spending is going to have a contractionary effect on the overall spending in the economy. Then, of course, the specific departmental measures, including the job cuts that you've mentioned, will be part of that overall trend.

In terms of the incremental changes to spending and economic activity from this budget, I would view it as contractionary, and it would result in a net reduction in economic activity.

Ms. Peggy Nash: Okay.

What do you think the impact will be overall on employment? I'm not asking for numbers. I'm just asking, when you say contractionary, what will that mean for the average Canadian who's wondering what this is going to mean for his or her future?

Mr. Jim Stanford: Well, individual Canadians, and it's a significant number, whose jobs will be directly eliminated by the measures will obviously experience a loss in employment.

Then there's the indirect macroeconomic effect of the general retrenchment in government spending. Economists call that effect "fiscal drag", which means to say, you have a major player in the economy, government, pulling back its expenditure, and then you have not just the jobs that depended directly on that, but the indirect jobs from the knock-on spending.

Fiscal drag depends on what's happening elsewhere in the economy. If the rest of the economy—consumer spending, housing, exports, business investment—was growing significantly or quickly or vibrantly, then you wouldn't notice the fiscal drag effect in the overall performance of the economy. If those other sectors of the economy were not growing or were stagnant, then the impact of the fiscal drag could be enough to actually throw the whole economy into a recession.

That's clearly what's happened in Europe. The scale of the fiscal austerity obviously has been worse than is contemplated here. However, the fiscal drag effects of any contraction in spending by government, other things being equal, is a net negative impact on overall employment and growth in the economy.

Ms. Peggy Nash: Thank you.

I have so little time to ask questions. What do you think the impact could be for the average person in terms of income levels? I'm thinking of not just the quality of jobs, but income levels in terms of wages that are being paid. I'm concerned about EI and the temporary foreign workers program.

The Chair: A brief response, please.

Mr. Jim Stanford: I think a number of these measures that are aimed at compelling more labour supply into a labour market that is already marked by excess supply will tend to have a depressing impact on the overall level of wages determined in the labour market.

The Chair: Thank you.

We'll go to Mr. Adler, please.

Mr. Mark Adler: Thank you, Chair, and I want to thank all the witnesses for their contributions today.

I'd like to start with Madame Brisebois.

You will recall in the late 1980s, when the GST was brought in, there was a cross-border shopping boom in the years 1988, 1989, 1990, and 1991. From that boom to now, if you were to graph that out, has it decreased from that peak? Has it increased from that peak? Has it remained stable? Could you shed some light on that?

Ms. Diane Brisebois: I'll use both words and gestures. It has increased substantially.

Mr. Mark Adler: It has increased substantially. What's your explanation for that?

Ms. Diane Brisebois: The brief gives you an in-depth explanation.

Most consumers are much more value-conscious now than they've ever been. They are price-conscious. A large portion of the population now lives within an hour of the border. We've seen urban growth. It has brought more and more people closer to our U.S. neighbour, so it makes it easier, in fact, to cross and to shop. There's been an effort, even with increased security, to ease the crossing and the returning of shoppers, especially same-day shoppers. It is all of those things.

Also, obviously, there's the difference in pricing between Canadian goods and U.S. goods. All of this has in fact created an increase in cross-border shopping.

•(1155)

Mr. Mark Adler: Border guards were moved from revenue—historically they were revenue collectors—to more of a security role, which they have now. In terms of revenue collection, is that a contributing factor to people bringing more items back across the border, in your opinion?

Ms. Diane Brisebois: Yes, absolutely. Most consumers are very much aware that the focus is on security and not on collecting duties or taxes. The effect, unfortunately, is that we are estimating, as the Bank of Montreal has estimated, over \$20 billion spent in the United States. I think we can all do the math and understand how much tax is not collected in this country and the impact it has on communities, on businesses, and on workers. It has a huge impact.

Mr. Mark Adler: Just going back to when the initial Canada-United States Free Trade Agreement was negotiated, did the Retail Council of Canada support that agreement?

Ms. Diane Brisebois: Absolutely, we did, yes.

Mr. Mark Adler: Does the Retail Council conceptually support free trade?

Ms. Diane Brisebois: I would suggest that it goes further than conceptually supporting free trade.

Mr. Mark Adler: Yes, it does, in all respects.

Ms. Diane Brisebois: I think the point, though, is that retailers and importers in Canada who are large employers are simply saying that this is the reality. We will never stop consumers from shopping where they want, when they want, but we need to make sure that we try to develop a level playing field. We're not here complaining that people are crossing. We're here saying that there are ways to level the playing field so that tax revenues and investments stay in Canada.

Mr. Mark Adler: You support the right of Canadians to exercise their ability to engage in free trade—

Ms. Diane Brisebois: Absolutely.

Mr. Mark Adler: —both at the retail level and at the individual level.

Ms. Diane Brisebois: Absolutely.

Mr. Mark Adler: Okay.

In terms of the price differences, historically they've always been there. The Minister of Finance has stated his opinion on the price discrepancies. Given the fact, now, that our dollars are virtually at par, why are there price discrepancies?

The Chair: That's a big question for 10 seconds.

Voices: Oh, oh!

Ms. Diane Brisebois: I think the chair would prefer I not go there.

Mr. Mark Adler: I have seen items that are made in Canada that are cheaper in the United States than they are in Canada.

Ms. Diane Brisebois: Yes, and I would ask why the government, and in fact the Senate committee looking at this issue, are not calling multinational vendors to the table. There is such a thing as country pricing. There are Canadian manufacturers selling baggies and wrapping paper to U.S. retailers at 30% less than what they're charging their retailers in Canada. It's a huge issue. It's not one that can be addressed by government, but it's certainly one that needs to be understood.

The Chair: I implore members, if you're going to ask a very good, big question, to really give it time. I've said this a number of times. I'm trying to be fair in terms of time, but it really makes it challenging for the witnesses and for the chair.

Ms. Brisebois, perhaps what I can do is take your submission to the Senate committee and distribute it to all of our members.

Ms. Diane Brisebois: We have done so in both English and French.

The Chair: Thank you.

[Translation]

Mr. Caron, it is your turn.

Mr. Guy Caron: Thank you, Mr. Chair.

Mr. Stanford, if we compare the Statistics Canada figures from before the recession with the current figures, we see that wages have gone down by about \$10,000. That would suggest that the jobs that have been created since the bottom of the recession are not as good. Those jobs pay less than the jobs that were lost because of the recession. Do you agree with that statement?

• (1200)

[English]

Mr. Jim Stanford: Thank you, sir.

I'm not familiar with that particular citation. It's certainly the case that by most of the measures of job quality—and that would include part-time versus full-time, permanent versus temporary, and measures of the utilization of your skills—the quality of work has deteriorated modestly since the recession. It isn't a night and day change. There are still some good jobs being created in the economy and some good jobs we have retained, but the average quality of work since the recession has certainly deteriorated.

That would be one of the factors behind the stagnation in real incomes that we certainly see in the data.

[Translation]

Mr. Guy Caron: With respect to employment insurance, if we believe what the Minister of Human Resources and Skills Development said, the reform, or the changes she announced last Thursday, are intended to match the jobs available with the workers who are looking for jobs.

I am finding it very hard to imagine the situation. I see people who are unemployed and looking for a job who quite often find one. Other people are looking for jobs in their field but cannot find one, obviously. How does dividing the unemployed into three categories and forcing them to accept a job after 7 weeks or 18 weeks of benefits, for which they will earn up to 70% of their previous wages, that is, 30% less, help to match jobs with people who are jobless? I am trying to see how this might work, and I am not succeeding. Could you shed some light on this for me?

[English]

Mr. Jim Stanford: At least in terms of how those changes were motivated and justified in the discourse that accompanied that announcement, they are very much rooted in the assumption that there is some kind of shortage...that jobs are going unfilled, and that some of the measures in the EI reforms, including some that I would say are based on compulsion of the workers to do other things, are aimed at allowing those unfilled jobs to be filled. Frankly, the empirical evidence for that is just not there. You can always find anecdotes from an employer who has a position that he or she is having a hard time filling, but in terms of the overall status of Canada's labour market, it is absolutely a question of excess supply, not excess demand.

I will point out that in the most recent month, only 48% of Canada's unemployed were receiving regular EI benefits at all. That means the majority of unemployed will be completely unaffected by any of these measures. So how they're going to help that majority of the unemployed suddenly find a work ethic or be willing to commute an hour or take a job at a lower wage.... They're not getting benefits anyway. Yet they're not being matched with the so-called vacancies that are there.

I find the starting assumption...the economic evidence to support the idea that we need to be pushing workers to take jobs that they are unwilling to take is not verified by the empirical data. It's all about measures either aimed at reducing the cost of the EI benefits, that is just cutting people off to save the government money, and/or perhaps it's part of a deliberate strategy to actually suppress wage increases in the future through measures like this, which I find very worrisome.

The Chair: You have 30 seconds.

[Translation]

Mr. Guy Caron: Thank you, that is all.

[English]

The Chair: We'll go to Mr. Watson, please.

• (1205)

Mr. Jeff Watson (Essex, CPC): Thank you, Mr. Chair. Thank you to our witnesses for appearing.

Ms. Brisebois, I'll start with you. I come from a cross-border community right on the border with Detroit. I live a little south of Windsor, actually. The issue of harmonizing duty exemptions with the United States is somewhat talked about in the community. I think it depends on which side of the transaction you are as to whether you feel good about it or don't feel good about it.

I can tell you on the consumer side there's a lot of support for the idea of a harmonizing measure. Folks who go on a business trip for two or three days, or go on a family vacation to the United States, I think, appreciate having some ability to bring back a bit more with them than they could previously. Retailers may not necessarily like the fact that people shop while they're on vacation, but I think that's neither here nor there.

I want to ask about your industry's profiling of who cross-border shoppers are. I think global information is somewhat useless in the sense that there are 50 million trips, but surely not every man, woman, and child is taking one and one-half trips.

Do you know who these travellers are? Has your group made any effort in trying to win their business in terms of shopping in Canada? What efforts are you undertaking?

Ms. Diane Brisebois: The profile, if we're looking at the \$20 billion figure that we used earlier on—

Mr. Jeff Watson: That's not a verifiable number. Even Mr. Porter sort of hedged on that, so I think we should deal with realistic numbers.

Ms. Diane Brisebois: It's not, but I can assure you, sir, that he's not too far from the number, if you look at the increase in same-day cross-border shopping. We're not as concerned with vacation travel as we are with same day.

Mr. Jeff Watson: The government hasn't moved the duty exemptions with respect to same day.

Ms. Diane Brisebois: We understand that.

Mr. Jeff Watson: How does the Retail Council feel about that?

Ms. Diane Brisebois: The Retail Council was taken aback specifically because the Minister of Finance asked a Senate committee to look into the difference in pricing and cross-border shopping. We were expecting the Senate committee to present its final report and recommendations before anything would have been changed.

Mr. Jeff Watson: I'm sorry to interrupt, but my specific question was about how the Retail Council feels about the fact that we didn't move the same-day exemption. That was the more clear question. Sorry, I may have contextually gotten lost there.

Ms. Diane Brisebois: Thank you for clarifying. There are two answers to that question. One, we were somewhat relieved. Two, there was a concern. It has become a very popular issue, and there's a concern because most retailers believe it doesn't matter how much people spend on same-day trips; rarely are consumers stopped and asked to pay duties or taxes.

Mr. Jeff Watson: You can correct me if I'm wrong, but I presume when the Canadian dollar was 65¢ and the U.S. had these exemptions for its own travellers, the Retail Council certainly wasn't concerned about that particular situation. I think they're only raising the issue now because the reality is it's the currency value that drives whether people shop in the United States. It's not the duty exemption that's driving cross-border shopping.

The Chair: One minute.

Ms. Diane Brisebois: I don't think people were arguing that either. It's important to understand the position of the council. It's not a question of building walls so that consumers can't shop where they want and when they want. It's a question of making sure there is a level playing field. All we are suggesting, sir, is that the government can play an important role in looking at, for example, import duties or import tariffs on finished goods. That plays a big role, especially if you look at the example of sporting equipment. Most of that equipment is purchased from the same factories in Asia, as much as we may not like that. When they're landed here, they're already 18% more expensive for a retailer. All we're asking is to make sure that we eliminate those tariffs so that we can create a level playing field for retailers.

The Chair: Thank you.

[Translation]

Mr. Mai, you have the floor.

[English]

Mr. Hoang Mai: Thank you, Mr. Chair.

Mr. Stanford, when we hear the government talk about all the net new jobs created...you mentioned the quality of the jobs. You said that a lot of them are for temporary foreign workers, so they are not permanent; some of them are not full-time jobs.

Can you expand a bit on that, or give us some details?

Mr. Jim Stanford: Certainly, and I'd be prepared to provide additional empirical evidence for that, because I am not prepared with that right now.

The dimensions of the quality of work would include part-time work, especially for those who desire full-time work. The table I put out indicates there are hundreds of thousands of full-time equivalent positions of unutilized labour supply of people who want to work full time but are limited to part-time employment.

There is the issue of temporary contract positions and other precarious types of positions. That's harder to track in the data, but Statistics Canada has done a better job in recent years of trying to develop more information on that. That is another dimension that is increasing.

Another issue is self-employment. Some self-employment obviously reflects a positive choice by someone with an idea to start a business. Some of it reflects that a person hasn't been able to find a regular paying job so they have to do something. On average, both the pay and the security of self-employment tends to be lower than in paid jobs.

With regard to the temporary foreign workers you mentioned, the increase in the temporary foreign worker program between the end of 2007 and the end of 2011 was 100,000 positions, which represents something between a quarter and a third of all the net new positions created in the whole labour market.

● (1210)

Mr. Hoang Mai: It's not very surprising that the quality of jobs is not important, when it comes from the Minister of Finance, who said, "There is no bad job. The only bad job is not having a job."

Ms. Rothman, in my riding there are a lot of people who have jobs—not very good quality jobs—but they are now relying on food banks. There are a lot of issues regarding poverty. You said that with this bill, with the changes to OAS, it does not address the issue of poverty.

Could you elaborate on that?

Ms. Laurel Rothman: Certainly. I will say, in a positive tone, that I think we now know more about what's needed to address poverty reduction and eradication in Canada. You'll all remember that the HUMA committee studied it for two and half years, and all parties endorsed that report in principle.

We would suggest that we need an overall plan, just as we have or we may have for other major issues on our agenda. That would include building on the research that's been done both by government and NGOs. It includes important improvements and initiatives in the labour market, as well as public policies for children, for OAS, GIS, and for that large group of working-age adults for whom I think the issues may be even more complex.

Mr. Hoang Mai: One of the unfortunate things is that we've heard for so long about poverty and having to address that issue, and we even heard that during pre-budget consultations.

Are you saying there is no plan in this budget regarding fighting poverty?

Ms. Laurel Rothman: Not that I am aware of.

Mr. Hoang Mai: Not that we are aware of either.

Ms. Griffin Cohen, you mentioned there will be some issues with women and also visible minority problems regarding this budget. Can you expand more on that, please?

Ms. Marjorie Griffin Cohen: Thank you.

What we don't often understand or look at is how various portions of the budget will interact with each other. For example, when you change the OAS and you then change the employment insurance, you're going to see that older people who are over 65 are probably going to be doing part-time and temporary work; they're not going to be able to qualify for a pension, nor are they going to be able to qualify for EI, if they aren't employed. We may be pushing a lot of people in specific kinds of groups into positions of poverty and relying on social assistance, and the provinces, which probably will not be able to cope with that as well.

We're seeing a great many measures in this budget that have not been looked at beforehand; that is, the implications of what it will mean for people have not been looked at beforehand.

I was speaking specifically of employment insurance and what it will mean for women, because that hasn't been discussed very much. Obviously it has a big effect on seasonal work. A lot of the work that women do is seasonal, but even more significant is that a lot of it is temporary. A great deal of our labour force has been structured on the notion that people are available for temporary work.

The Chair: Thank you.

[*Translation*]

Thank you, Mr. Mai.

[*English*]

We'll go to Mr. Hoback, please.

Mr. Randy Hoback (Prince Albert, CPC): Thank you, Chair, and thanks to all the witnesses for being here this afternoon and this morning. It has been very interesting to talk and listen to you.

Ms. Brisebois, you were on television last night, and I actually did watch some of your Senate hearing last night on television. CBC had a report on some of the things you talked about with regard to the price differentials, especially in hockey equipment, from across the border. I have started playing hockey again, so I watched that very closely.

I think it's very important to note, when we look at our budget and we actually look at what's going on in this budget, that it's got a single focus, which is jobs. That's getting an economy that creates jobs. When you create jobs, you actually get the spinoffs that actually impact what Mrs. Rothman talks about, and that's dealing with poverty and issues with poverty and with kids in poverty and that spectrum. Once you have a job, you start to build yourself a family, you start to build a house, you start to actually take away from the social network, and you're paying taxes, so you're putting back into the social network at the same time.

But if nobody is working, you end up with a situation like they have in Greece, where it's just unsustainable.

This is where I go in my questioning with you—the importance of trade. Free trade agreements are trade agreements. I don't like the words “free trade agreements”; I call them “balanced trade agreements”, because there are a lot of things in there between governments that make these trade agreements work for each country. They're not situations where we're exploiting them or they are exploiting us. It is actually creating partnerships with other countries to be more efficient—and this is probably a better word—partners together, or trading partners.

If you look through our government, and if you look at what's in this budget, we've got a very active trade agenda. What do you think the impact of that trade agenda will be as far as the creation of jobs and growth is concerned, and how will it affect your sector?

• (1215)

Ms. Diane Brisebois: Certainly, generally, as the brief indicated, we are very supportive of that agenda. We believe it is extremely important to work closely and to try to harmonize—we're talking about regulations—with the United States.

This is not a question of a sector believing that there should not be free trade and that it should not be easier in fact to be able to do business with each other. We're suggesting that while we do that, we need to make sure that internally we have the right policies and regulations to level the playing field. We gave an example of tariffs.

So this is not going against wanting to trade, but this is an important issue to make sure that the sector in Canada is more competitive, because it contributes, as you know, largely to the health and well-being of communities.

Mr. Randy Hoback: I think you make a good point there. The point I would make back to you is there seems to be the mindset that you do the trade agreement and then you walk away and everything is happy-go-lucky. In reality, you do a trade agreement and then you work with the business sector and realize there are other hurdles that show up. You've got to keep dealing with those countries that you have trade agreements with to keep removing those hurdles.

I have to give Mr. Fast and Mr. Ritz credit, because they have been around the world doing that. I'll use the example in the beef sector. Two years ago our beef sector was horrible. They were selling bred cows for \$200 to \$300 a head.

Minister Ritz went out on a very massive agenda trying to open up all these little markets for different types of cattle product, stuff that we don't eat here in Canada, and he was very successful in doing that. Now, in just two years, these bred cows are going for record amounts of \$1,800. It just shows you how important trade is to one part of the sector.

But there's that spinoff again. Those cattlemen are now buying new tractors, which are buying engines from different manufacturers. You can just see how it dominoes back into it through the whole sector.

Mr. Stanford, how do you see the importance of trade and trade agreements and job creation in Canada? If we didn't have these trade agreements, where would we be?

Mr. Jim Stanford: I believe fervently in trade as a source of job creation. The exports of Canada's economy are essential to the jobs

that are supported in them. Unfortunately, the trade agreements have not actually promoted our trade. Exports as a share of our GDP have declined substantially over the last decade from over 40% of GDP to just 31% of GDP today.

Mr. Randy Hoback: The share of our GDP exports in what?

Mr. Jim Stanford: Everything. All goods and services, including resources—

Mr. Randy Hoback: But our trade is going up and up all the time.

Mr. Jim Stanford: No, it isn't. I'll show you the data. Our trade is falling. Actually, in absolute terms, our trade is lower in quantity than it was five years ago, and as a share of GDP it's significantly—

Mr. Randy Hoback: I'd like to have a look at that data, and I'd like some other people to look at it.

I go back to my riding and to Saskatchewan or Alberta. You talk about the amount of exports we're doing, and when we talk to our manufacturers like MacDon Industries, out of Winnipeg, or Morris Industries, out of Saskatoon, their trade is going up substantially. So I would appreciate seeing that documentation.

Mr. Jim Stanford: I'd be glad to submit that to the clerk following the meeting.

The Chair: Yes, and for anything you submit, we'll ensure all members get it.

Mr. Randy Hoback: Thank you.

The Chair: Ms. Glover, please.

Mrs. Shelly Glover: Thank you, Mr. Chairman.

I want to thank the professionals who are here today, including those who have joined us via video conference.

As you can see, we have three different parties in Parliament because we don't agree, and we have a number of witnesses who have appeared before us who don't agree, including other economists who would challenge Mr. Stanford's position on a number of things that have been said.

I did want to point out that the budget plan, on page 34, does have a chart of the jobs that have been created, the net new jobs that have been created, and it refers to 610,000. We actually are now at more than 750,000 net new jobs that have been created since the budget was written.

But the professionals who helped develop that chart talk about 90% of those 610,000 jobs being full time. So when Mr. Mai indicates that there are mostly part-time jobs, when you look at the jobs that have been created in particular, it's indisputable, from what we've been shown by other experts, that 90% of them have been full time.

Mr. Stanford, can you speak to the 90% of the 610,000 jobs, that chart on page 34? Would you care to dispute the fact that 90%, according to Stats Canada and other economists, are in the full-time areas?

• (1220)

Mr. Jim Stanford: Madam, I would not dispute for a moment the fact that most new jobs created are full-time jobs—

Mrs. Shelly Glover: But I mean those jobs.

Mr. Jim Stanford: I would have to look at the chart and look at the starting point of the chart and the end point of the chart. I could gladly give my take on the numbers and submit that.

Mrs. Shelly Glover: You didn't look at the budget before coming...?

Mr. Jim Stanford: I certainly did look at the budget, Madam, but I didn't memorize every graph in the entire budget, nor the statistical forces—

Mrs. Shelly Glover: No, but you did speak to—

Mr. Jim Stanford: —that underlie them, so—

Mrs. Shelly Glover: Yes, I—

Mr. Jim Stanford: —I would be glad to look at that—

Mrs. Shelly Glover: I thought you would have looked at that page, because that is the page that talks about—

Mr. Jim Stanford: Most—

Mrs. Shelly Glover: —the jobs that you've commented about quite extensively, and 90% are full time. In fact, 80% of those jobs are in the private sector.

The other thing it says on that page that I think is very important to note, which is why I'm a little surprised that an economist who wanted to speak about the job creation didn't look at it, is that these are jobs in the “high-wage industries”. What does that mean? That means the average hourly wages are actually above the aggregate average.

Now, how many of those jobs that were created in the budget plan that we're actually studying were in the high-wage industries? This says, according to Stats Canada and other professionals, that 80% of them were in the high-wage industries. So again, I know there are differences of opinion, but the facts speak for themselves in the budget, and I was hoping you might have looked at that so you could dispute that precisely, rather than talking more generally about some broader issues.

But I do want to turn my attention to Madam Brisebois, and it's because the penny is created in Manitoba, in my riding of Winnipeg. We've made some changes to eliminate the penny, so I'm interested in knowing your reaction and the reaction of your members to that decision.

Ms. Diane Brisebois: Some of us will be sad to see the penny disappear, but I think it's more an age issue than an economic issue. Generally, the industry was in favour. We appeared quite a few years ago before the Senate committee that was also looking at this issue.

Our greatest concern is to make sure that industry and government work together so the timing is right. The elimination of the penny affects small merchants, mid-sized merchants, and large merchants differently. It also affects information technology systems and all of that, so that's very important.

Mrs. Shelly Glover: I only have a short period of time left.

One minute, Mr. Chair?

For the majority of your members, are they pro the change or against the change?

Ms. Diane Brisebois: They're pro the elimination of the penny.

Mrs. Shelly Glover: Okay, very good.

Also, on the EI rate-setting structure in the budget, is that going to help retailers?

Ms. Diane Brisebois: That will not hinder retailers.

Mrs. Shelly Glover: I think the predictability and the stability going ahead—

Ms. Diane Brisebois: Absolutely. The most important things for retailers are the predictability, the stability, and also the transparency. Those—

Mrs. Shelly Glover: And does this budget give you that?

Ms. Diane Brisebois: —were the three key elements.

Mrs. Shelly Glover: And does this budget give you that?

Ms. Diane Brisebois: We felt it did. Thank you.

Mrs. Shelly Glover: Okay. Thank you.

On the immigration system and the changes proposed here, does that help your retailers or does it hinder them?

Ms. Diane Brisebois: The immigration initiatives in the budget do not hinder our retailers. Retailers obviously are facing the same challenges as many other sectors in finding workers, specifically in western Canada where there's continued growth. Our members generally were supportive.

Mrs. Shelly Glover: So the labour shortage is what you're talking about, contrary to what Mr. Stanford said.

Ms. Diane Brisebois: Yes, in retail. And I know that often.... Certainly, Mr. Stanford commented on retail or added retail in his conversation, but in fact the jobs that are being created in western Canada are mostly full time, they are high-skill jobs. More and more distribution centres are being built in western Canada, as well as design centres, and those are high-skill jobs.

There is a challenge as well with part time.

•(1225)

Mrs. Shelly Glover: I appreciate that. Thank you.

The Chair: Thank you.

I hope members will allow me, as the chair, to ask a few questions. I wanted to follow up briefly with Mr. Stanford and Ms. Rothman.

Mr. Stanford, as you can see, we've had a lively debate in terms of job creation and how many full time, how many part time. But I have to say, when I review Statistics Canada, when I look at the OECD.... You referenced Germany. Germany has an excellent record. In fact, Germany, on the chart I have, the labour market statistics, has the best in terms of level employment rate. But Canada is very close to Germany. I'm looking at third quarter 2011. Germany is at 72.7%; Canada is at 72.1%. If Germany is the best, we're actually very close.

I think we have to look at this on a relative level. We also have to consider Germany, with the euro, and the Deutschmark would have been so strong...it is in fact benefiting from the common monetary policy in the European Union.

In the past we've worked together on issues such as accelerated capital cost allowance for the manufacturing sector. I certainly supported you and your organization for that. But just on the record, some of the initiatives, for instance, the work share program that was introduced by the government, the hiring credit, which was extended in this budget, the measures for disabilities in terms of improving access for people who are disabled in the workforce.... I suspect you and your organization would in fact say that these are positive measures for employment and for the economy.

I just wanted you to respond to that.

Mr. Jim Stanford: Certainly, we were active with our partners in HRSDC in designing and implementing many of those work sharing programs. That was very important. Our view would be to again expand and extend those measures. The capital cost allowance is a modest positive stimulus to business spending. I think that's been helpful.

So I certainly wouldn't imply that those weren't valuable.

The Chair: Just in finishing up, I'd love for you to come out to my riding, because I don't know if I can convince you here. But in terms of the labour needs of my riding—skilled and unskilled, of all types of businesses—unless they're all telling me a mistruth, this is the number one challenge they face as businesses, as employers. So I'd love to have you out in my riding. We could do some round tables together, if you're willing to do that.

I wanted to follow up with Ms. Rothman. I take your point in terms of the challenges of addressing poverty and child poverty, but if you look at the national child benefit, introduced by the former government, improvements made by this government—the working income tax benefit, which addresses the working poor, the investments in aboriginal education in this budget.... I think there have been an awful lot of positive steps as well as, in a time of restraint, continuing increases to the provinces for essential programs, such as health care at a 6% increase and social services at a 3% increase. Surely these must be at least positives in terms of addressing poverty in Canada.

Ms. Laurel Rothman: Certainly, they are important and positive. If we also look, though, at the proportion of GDP that we spend on tax measures, transfers, and services—and this comes from the

UNICEF report—we're lower than we should be, so there's a lot still to do.

The Chair: You're saying in terms of taking programs such as the national child benefit and making them more generous, or taking the working income tax—

Ms. Laurel Rothman: Yes. I would argue that we really strongly encourage that there be an overall strategy enshrined in legislation so that we'd have this on the public radar screen in a more permanent, focused way.

The Chair: But the overall strategy in terms of 6% increases for health care, 3% increases for social assistance, investments in aboriginal communities, which have some of the most challenging rates in terms of poverty, and investments in the working tax benefit, which is for working families.... I don't see how you see this as being anything other than a strategy designed to combat poverty in Canada.

Ms. Laurel Rothman: I guess they're not coordinated in any particular way; it's very ad hoc. So if they mutually benefit each other, that's great. I didn't come prepared to talk about the great details. I'll talk about the CST, which has no transparency. We have no idea whether those transfers are spent as they really need to be. So I think there's a lot of work that needs to be done. Of course, the funds are important, and we wouldn't want in any way to imply that they're not. For a wealthy nation with tremendous resources, we could be doing much better.

● (1230)

The Chair: My time is up, but I'm willing to follow up with you on that. I would say that things like the working income tax benefit are in fact designed to...cooperate in other areas.

My committee is calling me on time, because I call them on time.

Ms. Laurel Rothman: Okay. I would like to follow up.

The Chair: I do appreciate all of you being here, and being here by video conference. We appreciate your input very much. Thank you.

Colleagues, we'll see you at 3:30.

The meeting is adjourned.

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