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Chair

Mr. James Rajotte

Standing Committee on Finance

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• (1530)

[English]

The Chair (Mr. James Rajotte (Edmonton—Leduc, CPC)): I call this meeting to order. This is meeting number 59 of the Standing Committee on Finance, and in our orders of the day pursuant to the order of reference of Monday, November 3, 2014, we are continuing our study of Bill C-43, a second act to implement certain provisions of the budget tabled in Parliament on February 11, 2014 and other measures.

Colleagues, we have two panels here today. In our first panel, we're very pleased to welcome back to the committee the Minister of Finance, the Honourable Joe Oliver.

Minister, welcome back to the committee this afternoon. You have two officials with you and we understand that you have an opening statement.

Then we'll have questions from all of the members. Please begin at any time.

Hon. Joe Oliver (Minister of Finance): Thank you very much, Mr. Chairman and ladies and gentlemen. I appreciate the opportunity to meet with the Standing Committee on Finance to discuss Bill C-43, an act to implement certain provisions of economic action plan 2014, tabled in Parliament on February 11.

[Translation]

Canada's Economic Action Plan underscores the government's top priority to create jobs, foster growth and ensure long-term prosperity. A weakened global economy has made that priority even more important.

[English]

Last week I presented to Canadians our government's economic and fiscal update. I outlined the state of both the Canadian and the global economies.

In the aftermath of worst recession since the Great Depression, Canada has done well. Since the depths of a recession that cost 62 million jobs worldwide, we created over 1.2 million net new jobs in Canada—one of the strongest job creation records in the G-7.

The federal tax burden is at its lowest level in over 50 years. In 2013, Canada leapt from sixth to second place in Bloomberg's ranking of the most attractive destinations for business. According to KPMG, total business tax costs in Canada are the lowest in the G-7 and are 46% lower than in the United States.

Both the IMF and the OECD expect Canada to be among the strongest-growing economies in the G-7 this year and next. A recent *New York Times* study found that after-tax middle-class income in Canada, substantially behind in 2000, now appears to be higher than in the United States. In fact, the Canadian middle class is among the richest in the developed world.

But today's prosperity is not a guarantee for tomorrow. This is especially true in a global economy defined by weak, uneven growth, or what IMF director Christine Lagarde has called the “new mediocre”. We must relentlessly take action to remain resilient and secure our prosperity, and that is what we have set out to do.

[Translation]

Therefore, we have to work persistently to remain resilient and ensure the prosperity of our generation, as well as the generation of our children and grandchildren.

[English]

First, we are taking action to improve the integrity and fairness of the tax system. Since 2006, and including measures proposed in economic action plan 2014, the government has introduced over 85 measures to improve the integrity of the tax system.

Bill C-43 goes further.

This bill takes the tax system and makes it simpler and fairer for fishing and farming businesses. It empowers amateur athletes to save money—money for their retirement. These kinds of amateur athletes, Mr. Chairman, are the ones who bring home the gold in the Olympic Games and in competitions around the world.

This bill puts in place new tax incentives to encourage clean energy generation. We are doing this by expanding the eligibility for the accelerated capital cost allowance. We're making it easier for Canadian film and video producers to receive the Canadian film or video production tax credit.

Mr. Chairman, we are cracking down on tax evasion, including offshore regulated banks and captive insurance schemes, ensuring that all Canadians pay their share.

Keeping taxes low and fair is an important element of our economic action plan. Another priority is creating jobs.

[Translation]

This is one of our government's priorities. Measures must be implemented to connect Canadians with the skills training they need to succeed.

• (1535)

In Canada, apprentices in skilled trades learn the most through paid jobs in the workplace and receive six to eight weeks of technical training a year.

[English]

They can face serious costs, including educational fees, tools and equipment costs, and living expenses. That is why we introduced the Canada apprentice loan in the first budget bill to help connect Canadians with available jobs. This initiative is helping apprentices register in Red Seal trades by providing access to over \$100 million in interest-free loans each year to complete their training.

Given that the parameters of the Canada apprentice loan program are similar to those of the Canada student loan program, we believe that both programs should benefit from the same treatment. Specifically, Bill C-43 proposes that the Income Tax Act be amended to extend the existing student loan interest credit—which is a non-refundable tax credit available for interest payments on loans approved under the Canada student loans program and similar provincial programs—to interest paid on a Canada apprentice loan.

[Translation]

By helping Canadians acquire skills that will help them get hired or find better jobs, we are investing directly and wisely in our country's most precious asset—our citizens.

[English]

Mr. Chairman, this is only a small sample of the measures contained in this bill.

Let me briefly review a few more. The bill would amend the Telecommunications Act to prohibit service providers from charging their subscribers to receive bills in paper form, fulfilling a commitment in the 2013 Speech from the Throne to end pay-to-pay billing practices. It would establish the Canadian High Arctic research station, a world-class research station that will strengthen Canada's leadership in Arctic science and technology. It would also promote transparency and accountability in the extractive sector both at home and abroad; cut red tape for charitable organizations, allowing them to use new technologies to raise funds for the causes that matter to Canadians; and provide more than \$8 million over five years, starting in 2016-17, to create a DNA-based missing persons index.

I take particular pride, Mr. Chairman, in this last initiative. Lindsey's law, which called for a DNA-based missing persons index, was named for Lindsey Jill Nicholls. At age 14 she went missing while on a car ride to meet friends in Kootenay, British Columbia. Her mother, Judy Peterson, has been a courageous advocate for a national DNA-based databank that can compare the DNA of missing persons with that collected through crime scene investigations and convicted offenders. Lindsey's law represents further action on the part of our government to stand up for the victims of crime and their families.

Mr. Chairman, it has been a pleasure to highlight some of the key measures to defend Canadian values and support growth and prosperity. The measures in this legislation are necessary and the benefits enduring.

[Translation]

Thank you.

The Chair: Minister, thank you very much for your presentation.

We will begin with Mr. Cullen, who has five minutes.

Mr. Nathan Cullen (Skeena—Bulkley Valley, NDP): Thank you, Mr. Chair.

[English]

Thank you, Minister, for being here.

Our time is brief, so I'll try to keep my questions short.

You mentioned this in your economic update. What will the falling oil prices cost the federal treasury as of next year, according to your update?

Hon. Joe Oliver: Well, we made an adjustment of \$2.5 billion to take account of the decline in the oil price from the time the latest economic forecast was prepared by the 15 independent economic advisers, who independently produce their numbers.

I should say that we didn't have time to go back to all of them. We went back to a few. We consulted some public sources, and we made the adjustments for the decline, making the assumption, which is a very conservative assumption, that the prices at that time would stay for the entire period.

• (1540)

Mr. Nathan Cullen: So there's \$2.5 billion less to spend. As you heard from the Governor of the Bank of Canada, who was in front of this committee just a few weeks ago, Canada may be faced with a low or zero growth recovery scenario in terms of job creation. These compounding factors, with some global uncertainty in Europe and a diminishment in expectations in China, would lead one to be more conservative in promises made by the federal government. Yet your government has gone ahead to make \$26 billion to \$28 billion in promises over the next couple of years. Is that true?

Hon. Joe Oliver: I don't have the exact number, but I certainly dispute the zero growth employment. As you know, last month, employment increased by 43,000 and the month before by 74,000. Individual months can vary quite a bit; however, when the numbers are that high, we have to take note.

As I mentioned, we've created 1.2 million net new jobs since the depths of the recession. The growth rate in Canada is respectable. Although there are—and I could talk about this if you like—some real difficulties in parts of the global economy, including Europe, in the United States the economy is on the move and the growth is sustainable, in our view.

Mr. Nathan Cullen: Thank you, Minister—

Hon. Joe Oliver: The surplus that we're projecting, as you know, is \$1.9 billion, steadily growing to \$13.1 billion by 2020—

Mr. Nathan Cullen: I'm sorry to interrupt, Minister, but we seek some proportionality in the length of the question and the length of the answer.

Taking two months out of an 18-month trend is a very dangerous thing to do when making projections. The 18-month—

Hon. Joe Oliver: I didn't do that.

Mr. Nathan Cullen: You referenced the last two months in terms of job growth, but the last 18 months in terms of job growth strictly in the private sector has been worrisome for many and should be worrisome for the government.

My question is this. Has your government done an analysis of the \$550-million raid on the employment insurance fund in terms of the jobs impact?

Hon. Joe Oliver: Well, just to finish up, you mentioned that we looked at the last two months. The point is that there's a recovery that's been going on, so we didn't look at what was going on in 2009. We're looking, in making our projections, at taking into account the most recent data, but not the last month, so I was indicating what those numbers were indicating for the economy.

The Chair: You have one minute.

Hon. Joe Oliver: I'm sorry. Your...?

Mr. Nathan Cullen: I'm offering up what was a very simple question. Has your department done an analysis of jobs impact for the \$550 million you're taking out of the employment insurance fund, money that, according to your colleagues, does not belong to the government but to the people who pay into it?

Hon. Joe Oliver: Well, we—

The Chair: Just a brief response, Minister.

Hon. Joe Oliver: The government has relied on the analysis of those who are the small business experts, those who actually represent small business, which is the Canadian Federation of Independent Business, and it estimated that the \$550-million EI payroll tax reduction for some 780,000 companies will create 25,000 person-years of employment.

Mr. Nathan Cullen: Yet it ignored the reality that was presented in the analysis from the Parliamentary Budget Officer, an office that your government set up, which shows that this will cost half a million dollars or more per job. To rely on the analysis of the CFIB alone and not on your own department's lack of analysis or on the analysis of the Parliamentary Budget Officer is, I would say, to ignore evidence that is in front of you as finance minister.

The Chair: Okay.

A last brief response, Minister, please.

Hon. Joe Oliver: Well, we relied on those who know their industry best. They have been telling us for years that the number one killer of jobs is payroll taxes, so we listened to small businesses and will continue to take measures to help create jobs and generate growth.

The Chair: Thank you.

Thank you, Mr. Cullen.

We'll go to Mr. Saxton for five minutes.

Mr. Andrew Saxton (North Vancouver, CPC): Thank you, Chair.

Thanks to the minister, the deputy minister, and the finance officials for being here today.

Our government understands the important role that small business plays in our economy by creating jobs and economic growth as well as paying their fair share of taxes, but opportunities for expansion often lie beyond our borders. How does Bill C-43 help small businesses that wish to expand beyond our borders?

● (1545)

Hon. Joe Oliver: Thank you for the question.

Currently the Business Development Bank of Canada may assist Canadian small businesses and medium-sized businesses wishing to expand beyond the domestic market, but it can only offer the financing to the parent company located in Canada. Small businesses can expand from coast to coast to coast in Canada, but they are limited when it comes to expanding beyond Canada's shores. Bill C-43 will allow the Business Development Bank of Canada to help finance an SME's subsidiary in a foreign company and support its access to global value chains. Bill C-43 will help all SMEs in Canada expand beyond Canada's borders.

It also aids small businesses to expand into international markets as well as to draw foreign investment into Canada by adhering to the Patent Law Treaty and the Hague agreement. The proposed amendments will standardize and will simplify administrative processes when Canadian businesses apply for a patent, ultimately resulting in lower costs and eliminating red tape.

Mr. Andrew Saxton: Thank you.

Our government recognizes the good work that charities and charitable organizations do across this country, helping disadvantaged Canadians as well as those in need. They also display the great generosity of Canadians and their compassion.

How does Bill C-43 cut red tape for Canadian charities and help them raise more funds? Can you give us some examples of which charities will benefit?

Hon. Joe Oliver: Our government, as you suggest, recognizes that the charitable sector plays an essential and irreplaceable role in our society by providing valuable services to Canadians, including those most in need. Thanks to the work done by this committee, our government is continuing to respond to the report entitled "Tax Incentives for Charitable Giving in Canada". The report recommends, as you know, that the government reduce the administrative burden on charities. It recommends that the government amend the Criminal Code to remove an antiquated restriction and allow charities to conduct their lotteries through the use of modern technology. We're doing just that. The bill amends the Criminal Code to allow charities to conduct lotteries through modern technology.

Each year charities in Canada raise hundreds of millions of dollars to support worthy causes through lottery sales, but outdated legislation forces them to process and activate all the sales manually and then send customers their tickets by mail. In order to reduce these costs, Bill C-43 will amend the Criminal Code to allow charities to conduct various aspects of lotteries through the use of a computer. It will also allow charities to use modern e-commerce methods for purchasing, processing, and issuing lottery tickets and receipts.

Prominent Canadian charities, including the Heart and Stroke Foundation, the Canadian Cancer Society, and SickKids hospital, report that allowing for the use of computers could save millions of dollars each year in administrative costs for all charities that run lotteries. For example, the Heart and Stroke Foundation identified potential savings of \$1 million in annual administrative costs. The charities will be able to use these substantial savings to support their important work.

The Chair: You have 30 seconds.

Mr. Andrew Saxton: That's it.

The Chair: Okay. Thank you, Mr. Saxton.

Mr. Brison, you have five minutes, please.

Hon. Scott Brison (Kings—Hants, Lib.): Thank you, Mr. Chair.

Thank you, Minister and officials, for joining us today.

When your financial officials appeared before this committee, they admitted that Finance Canada had not done any internal analysis on the small business job credit.

Do you think it's acceptable to introduce a measure that costs \$550 million without doing any internal analysis about its potential impact on job creation?

Hon. Joe Oliver: The department does not analyze every measure that we introduce. If we don't do it, we look to those who have expertise, and in this case we looked to the Canadian Federation of Independent Business.

● (1550)

Hon. Scott Brison: Are you aware of the methodology they used?

Hon. Joe Oliver: We are aware that they have expertise. They've spoken to their members. I have had an opportunity to speak to them and I've had an opportunity to speak to many small businesses in my riding in Toronto and elsewhere around the country.

You know, you may not want to listen to small businesses. We do. They are the biggest generators of employment in the country.

Hon. Scott Brison: So you're not aware of the methodology they used to come to that number.

Hon. Joe Oliver: I am aware that they have spoken to their members and they do the regular type of analysis that you'd expect them to do.

I mean, when you invest over half a billion dollars, there is a macroeconomic impact, and we're very comfortable there will be significant job creation.

Hon. Scott Brison: So when the Parliamentary Budget Officer's analysis, in which the methodology is transparent and available to

any of us, showed that the job credit would create 800 jobs over two years, did you ask your department to reconcile the difference, the delta, between 800 jobs versus 25,000 from the CFIB's estimate? Did you have a curiosity as to why there was such a delta?

Hon. Joe Oliver: Well, yes, we have received a number of estimates from a variety of organizations on a variety of topics. Sometimes one looks at them and decides on the face whether they seem to make sense.

Hon. Scott Brison: "On the face"; what about below the surface?

Hon. Joe Oliver: When the CFIB says it's a big, big deal for small business and it's good news for people looking for jobs, we're influenced by that. When they say that small businesses should be thrilled with this announcement—because time and time again they've told us that payroll taxes like EI are the biggest disincentive to hiring—we're influenced by that, because they have the expertise on the ground.

Hon. Scott Brison: So you're satisfied with no analysis on a \$550-million expenditure.

Hon. Joe Oliver: We are satisfied with their analysis.

Hon. Scott Brison: You said you do analysis for certain expenditures. What would trigger that? Is \$550 million not big enough of an expenditure to do an analysis?

Hon. Joe Oliver: What I said is that we don't do analyses on every expenditure.

Hon. Scott Brison: So why wouldn't you have done an analysis on this one?

Hon. Joe Oliver: Because we didn't think we needed to do another analysis when we already had received one. We knew that this was a good-news story for small businesses. The small business organizations have been asking us for a long time for this break.

Hon. Scott Brison: Minister, the PBO also told this committee that around 10,000 businesses in Canada pay between \$14,000 and \$16,000 in EI premiums. These businesses are close to the threshold, the cap of the program, which, according to economist Jack Mintz, could create a disincentive for hiring or a disincentive to growth.

For those 10,000 businesses in Canada that are between this threshold, are you concerned that this actually creates a disincentive to growth, according to economist Jack Mintz, Mike Moffatt, and a group of economic leaders?

The Chair: A brief response, Minister, please.

Hon. Joe Oliver: I think his comments have been parsed. He didn't critique the whole program at all.

I should tell you that we did analyze aspects of the proposal. As I mentioned, they are going to benefit 90% of businesses, 780,000 businesses. So we looked at that and we are comfortable that there would be a significant benefit.

The Chair: Thank you.

Thank you, Mr. Brison.

We'll go to Mr. Keddy, please, for five minutes.

Mr. Gerald Keddy (South Shore—St. Margaret's, CPC): Thank you, Mr. Chairman.

Welcome, Minister and department officials.

First of all, Minister, congratulations on the budget. Quite frankly, when any budget measures give any portion of EI remittances back to the small businesses who pay those remittances, I think that's good policy.

There are a couple of steps in Bill C-43 that make the tax system simpler and fairer for Canadians. In particular, two that are near and dear to my heart are the changes to the tax rules for combined farming and fishing businesses and the changes to the rules for farmers who face catastrophic weather-related losses to breeding livestock.

Can you just expand on those a bit, please?

• (1555)

Hon. Joe Oliver: I would be happy to do that.

Bill C-43 makes the tax system simpler and fairer for farming and fishing businesses.

A special income tax rule will be available to farmers who dispose of breeding livestock due to drought or excess moisture conditions existing in specific regions in a given year. This rule permits farmers to exclude up to 90% of the sale proceeds from their taxable income until the year following the sale, or a later year if the conditions persist.

Bill C-43 will also help amateur athletes. Currently, income contributed to an amateur athlete trust does not qualify as earned income in determining an athlete's annual RRSP contribution limit.

I can elaborate on that if you like.

Mr. Gerald Keddy: The other thing in Bill C-43 is how it addresses tax non-compliance and how it combats money laundering and terrorist financing.

One of the issues that we've heard from Canadians on a constant basis is the amount of tax non-compliance and money laundering that we believe is going on offshore. We've done a good job of collecting a lot of those dollars back.

In particular, with the events of the last month and a half to two months, the idea that we can shut down the source of terrorist financing is something that I think all Canadians will embrace.

Can you expand on how this budget works to do that?

Hon. Joe Oliver: A well-functioning tax system is essential to keeping Canada positioned as an attractive place to work, invest, and do business. Since 2006, and including measures proposed in this year's budget, we've introduced over 85 measures to improve the integrity of Canada's tax system.

Our government is committed to a strong and comprehensive regime that is the forefront of the global fight against money laundering and terrorist financing. We're taking concrete steps to safeguard the integrity of Canada's financial system and the safety and security of Canadians.

To strengthen Canada's anti-money laundering and anti-terrorist financing regime, this bill will improve monitoring, compliance, and enforcement. It will close gaps of the regime, such as online casinos,

persons and entities that deal in virtual currencies and foreign money services businesses. It will also strengthen information-sharing, such as allowing FINTRAC to disclose threats to national security to federal partners.

The Chair: You have about one minute.

Mr. Gerald Keddy: Just quickly, you mentioned amateur athletes.

The income contributed to an amateur athlete trust will qualify as earned income for the purpose of determining an athlete's annual RRSP contribution limit. Will that contribution limit be increased?

Hon. Joe Oliver: This is a sort of technical question and I'm not sure that I have the answer for you.

The Chair: This round is over the time, so we can come back to this.

Colleagues, we do have bells. I'm going to suggest and seek unanimous consent that we get in at least four more rounds. We'll try to go to as many members as we can.

Some hon. members: Agreed.

The Chair: Thank you.

[*Translation*]

Mr. Caron, go ahead for five minutes.

Mr. Guy Caron (Rimouski-Neigette—Témiscouata—Les Basques, NDP): Thank you, Mr. Chair.

Minister, thank you for joining us today.

[*English*]

I must admit that I'm a bit puzzled about this EI credit for hiring, which is not specifically for hiring. It's more like a credit on premiums.

• (1600)

[*Translation*]

Have you looked at the Parliamentary Budget Officer's study on the lowering of business premiums?

Hon. Joe Oliver: In general, yes.

Mr. Guy Caron: What do you mean by "in general"? Have you read about the study, its results and the methodology used?

Hon. Joe Oliver: In a general sense, yes.

Mr. Guy Caron: Can you make a comparison between the Parliamentary Budget Officer's study and the study carried out by the Canadian Federation of Independent Business?

Hon. Joe Oliver: As it has been said, there is clearly a difference between the two. We relied on an organization with in-depth knowledge of small companies—the CFIB.

[*English*]

Mr. Guy Caron: Here's my problem, Mr. Minister.

The fact is that I have the utmost respect for the Canadian Federation of Independent Business. They do good work in representing their members. They've prepared a study that actually recommends a measure that will cost half a billion dollars and will be to the advantage of their members. They're doing what they should be doing, which is working for their members, and they are getting some money for their members.

My question is not about the CFIB. Here's what it's about. In this instance, wouldn't it be standard procedure for a government department, such as the finance department, to actually undertake its own independent study to ensure the numbers are accurate and not coming from what is basically a lobby group?

Hon. Joe Oliver: They are a lobby group, but they represent small businesses and have the in-depth expertise to understand and to convey the implications of a decrease in EI for their members.

We have looked at the impact. Our department has looked at the impact of these 780,000 individual companies on a macro basis and we're comfortable with that.

[Translation]

the CFIB projects that this measure will create 25,000 person-years of employment, it is relying on experts' analyses.

[English]

Mr. Guy Caron: So what you're saying is that you did an internal study of a macro analysis of the 780,000 businesses in relation to this measure?

Hon. Joe Oliver: The department looked at the measure in relation to the businesses that would be affected by it, and then we relied specifically on the analysis of the Canadian federation, which, as I said, concluded that it would create 25,000 person-years of employment.

Mr. Guy Caron: We understand that. This is what the CFIB said. My question is saying that this is a group that is working to get benefits for their members and the government is not supposed to just take that at face value. It's supposed to be undertaking its own independent assessment to spend—because this is basically a fiscal expenditure—the funds that have been allocated to it. Why doesn't the federal government undertake an independent study of a measure that will basically forgo over half a billion dollars?

To put it another way, if the Canadian Federation of Students were coming to you and saying that with half a billion dollars they could create 25,000 jobs for youth, you wouldn't take that at face value, would you?

The Chair: A very brief response, Minister.

Hon. Joe Oliver: Well, we would do what we did in this case. We would do an overall review, but we would also look at whether the federation had the economic expertise to do that analysis. If they did, we would be influenced by it, and so on.

The Chair: Thank you.

[Translation]

Thank you, Mr. Caron.

[English]

Mr. Allen, please. It's your round.

●(1605)

Mr. Mike Allen (Tobique—Mactaquac, CPC): Thank you very much, Mr. Chair. Just so you know, so we can get all the rounds in, I'm going to be splitting my time with Mr. Van Kesteren.

Minister, one of the things I'd like to ask you, being a former member of the natural resources committee and also recognizing your former position as the Minister of Natural Resources, is this question with respect to part 4 and division 28 on the natural resources extractive sector.

In 2013 and in the past number of years, there have been a lot of things in the House in with respect to the extractive sector, as you're well aware. We made a G-8 commitment to establish reporting standards for the extractive sector. Recognizing your experience in the past and also as the minister, how do you see Bill C-43 helping our government to demonstrate our leadership on this issue?

Hon. Joe Oliver: Well, Mr. Chairman, let me deal with that important question. Bill C-43 fulfills Canada's 2013 G-8 commitment to establish reporting standards for the extractive sector by next year.

Our government is committed to improving transparency and accountability in the extractive sector, where Canada has a world-class reputation. I had the opportunity of travelling around the world representing our country when I was the Minister of Natural Resources, and I can attest to that directly.

Our government's commitment builds on Canada's reputation as a global leader in responsible resource development, and already the sector has a well-established financial reporting system that ensures transparency and good governance of natural resource revenues.

The new reporting system will complement existing reporting requirements and will be established with a view to improving transparency, ensuring as well that Canada's framework is aligned with other G-8 countries and is consistent with existing international standards, particularly those of the United States and the European Union. It will also ensure a level playing field for companies operating domestically and abroad. It will enhance investment certainty and help reinforce the integrity of the Canadian extractive companies. Finally, it will help ensure that citizens around the world benefit from the natural resources in their countries.

The government's pan-Canadian approach will require Canadian extractive companies to publicly report payments of \$100,000 and over to all levels of government, both domestic and abroad, including aboriginal entities, on a project-by-project basis. This approach would apply to public and private and medium and large mining, oil, and gas companies operating in Canada.

Mr. Mike Allen: Thank you, Minister.

I'll turn the rest of my time over to Mr. Van Kesteren.

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

Thank you, Minister.

You referenced the Speech from the Throne in your opening remarks and talked about the practice of ending pay-to-pay billing practices to customers so they don't pay extra to receive paper bills. Can you tell us what you've been hearing from the stakeholders and what can be done to ensure companies don't break the rules?

Hon. Joe Oliver: Our government committed in the 2013 Speech from the Throne—and reinforced this in budget 2014—to end pay-to-pay billing practices so that customers do not pay extra to receive paper bills. Bill C-43 will end pay-to-pay billing practices in the telecommunications sector. Any company that breaks the rules faces penalties of up to \$15 million.

Our government is committed to putting the interests of Canadian consumers first. I could quote from the Public Interest Advocacy Centre and the Consumers' Association of Canada, which welcomed the fact that the federal government will introduce legislation to end pay-to-pay billing practices in the telecommunications sector.

John Lawford of the Public Interest Advocacy Centre said, "Consumers are clearly opposed to paying for paper bills and the federal government has clearly committed to 'eliminating' these charges."

Mr. Dave Van Kesteren: Maybe if you could just touch quickly on our government's strong and—

The Chair: Very briefly.

Mr. Dave Van Kesteren: —ongoing commitment to the north and our record on the environment. Maybe you could tell us how Bill C-43 will build on that.

The Chair: Just a brief response, Minister.

Hon. Joe Oliver: Mr. Chair, as you know, our government has placed a high priority on the north. An emblematic indication of that is the Prime Minister's annual northern tour, which I had the privilege of joining a couple of times.

The Canadian High Arctic research station is a key element of this northern strategy, which is underpinned by world-leading Arctic science and technology to help ensure sound decision-making. The station will provide a year-round world-class facility for science and technology in Canada's north. It will complement and—

•(1610)

The Chair: Unfortunately, Minister, we're over time on this round. We can come back to this on the next Conservative round. Thank you.

We'll go to Mr. Rankin, please.

Mr. Murray Rankin (Victoria, NDP): Welcome, Minister, and thank you to the officials for being here.

This budget is 460 pages long. It corrects a number of errors in previous bills like it. Four of them are: tobacco tax problems, money laundering, bridge amalgamation, and the Public Service Labour Relations Act. All of them had to be fixed. As well, we've had a lot of evidence here about technical concerns with the bill.

Minister, don't you think that pushing legislation through like this, with such detail, is really no way to run the financial administration?

Hon. Joe Oliver: Canadians expect their government to make decisions, to take action on our commitments, and that's what we're

doing in the House of Commons with the BIA 2 bill. We've been faced with continued attempts by the opposition to delay and obstruct these important bills. We're going to continue to keep our commitments to Canadians by introducing and advancing important legislation.

Even though the opposition likes to suggest otherwise, it's been common practice to include various measures in the bill. The subsequent budget implementation bill is nothing new, nothing groundbreaking, and simply reflects the central role of the budget in a government's agenda. Everything in the bill supports our low-tax plan for jobs and growth.

Mr. Murray Rankin: You said that it was about jobs, growth and long-term prosperity. Perhaps you can explain how this act's removal of the national standard for provinces' spending in providing social assistance to refugee claimants works to achieve those goals.

Hon. Joe Oliver: Yes. The important thing to state right at the beginning is that the rules for welfare and other social programs are not changed. This measure establishes authority for the provinces and territories to determine waiting times should they wish to do so. We respect provincial jurisdiction in this area as always. We're committed to welcoming all newcomers including genuine refugees. We want to integrate them into Canadian society so they can fully contribute to our economy and our communities. But Canadians have no tolerance for those would abuse our generosity and take unfair advantage of it, so there are implications.

Mr. Murray Rankin: How does it deal with job growth and long-term prosperity, which as you said were the priorities of this bill? How does it address those objectives?

Hon. Joe Oliver: It addresses the objectives by giving the option to the provinces to make decisions about waiting times so that our fair and generous immigration system is not abused.

Mr. Murray Rankin: What provinces are in support of that measure?

Hon. Joe Oliver: It's up to the provinces to determine that issue.

Mr. Murray Rankin: How many have told you that they're in support thus far?

Hon. Joe Oliver: I don't have a list of those provinces.

Mr. Murray Rankin: Minister, we're glad to see, as Mr. Van Kesteren pointed out, that there are some changes to the pay-to-pay billing for telecommunications companies. We notice that it fails to protect the bills of consumers vis-à-vis banks. I'm wondering if the banks have a better lobby than the telcos?

Hon. Joe Oliver: We're very pleased that this will deal with the pay-to-pay billing on paper bills. In respect to the banking sector for credit card bills and other statements that show a payment owing, all major banks are mailing bills to their customers without charge. We're pleased with that and we think it's significant progress for consumers.

Mr. Murray Rankin: Minister, on the EI small business job tax credit you testified just now that your officials didn't undertake an analysis of it and you didn't take the PBO's devastating analysis into account either. You said you relied on a lobby group, the CFIB, for its analysis. Some would call that approach decision-based evidence-making. Isn't your approach rather reckless given the amount of money involved?

• (1615)

The Chair: Okay. Just a brief response, Minister.

Hon. Joe Oliver: We have a long-term plan to reduce the EI rate to \$1.47 in 2017. This would be the lowest rate in over a decade, but we wanted to provide an early relief to small businesses, who are the largest generators of employment in the country, and we're very comfortable this is the right thing to do. We want to encourage employment growth and this is one way to do it by focusing a benefit on the biggest employers and generators of employment in Canada.

The Chair: Okay, thank you, Mr. Rankin.

I'm going to go to Mr. Adler, but Minister, I did cut you off in terms of the Arctic research question. If you want to return to that you can.

Hon. Joe Oliver: Sure, I can make a few more points.

The Chair: Do you want to do that briefly and then we'll go to Mr. Adler?

Hon. Joe Oliver: The station I referred to, the Canadian High Arctic station, will be built in Cambridge Bay, Nunavut, and is scheduled to open its doors on July 1, 2017.

Scientific work, however, is already under way at the station location in Cambridge Bay. As a key pillar of Canada's northern strategy, this station will provide Canada and the world with cutting-edge Arctic science and technology to support and inform decision-making in the north while contributing to the economic prosperity of Canadians.

There are a number of objectives for this station: promoting and disseminating knowledge in respect to polar regions; developing and diversifying the economy in Canada's Arctic; providing effective stewardship of the Arctic lands, waters, and resources; creating a hub for scientific activity in Canada's vast and diverse Arctic; promoting self-sufficient, vibrant, and healthy northern communities; inspiring and building capacity through training, education, and outreach; and enhancing Canada's visible presence in the Arctic and strengthening our leadership on Arctic issues.

The Chair: Thank you, Minister.

Mr. Adler, go ahead, please.

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

Thank you, Minister, for being here, and thank you to the officials also.

I want to follow up on something you mentioned during your opening remarks regarding the federal tax burden being the lowest on Canadians in over 50 years. Our government, as you know, has lowered taxes 160 different times since 2006, most notably the GST from 7% to 6% to 5%. With the tax relief the government has provided since 2006, personal income taxes are now 10% lower. For an average family of four, taxes have been cut by close to \$3,400.

Recently the Prime Minister announced the doubling of the children's fitness tax credit to \$1,000 and made it refundable.

Can you tell us what kind of reaction you have been getting from Canadians, and how this will help provide tax relief to Canadian families?

Hon. Joe Oliver: The reaction has been, of course, very positive. The children's fitness tax credit was introduced in budget 2006, and in 2011 our government committed to doubling the maximum amount that could be claimed under this credit and making the credit refundable. We're now in the fiscal position to fulfill that commitment.

Our government is enhancing the credit by increasing the maximum amount that may be claimed to \$1,000 from \$500 and by making the credit refundable. The doubling of the maximum amount will be effective for this tax year and subsequent tax years, and the credit will be refundable effective next year and subsequent years.

These proposed amendments, which, as I said, fulfill our commitment, will provide tax relief for Canadian families of about \$25 million in fiscal 2014-15 and \$35 million annually thereafter.

The fitness tax credit currently provides tax relief to 1.4 million Canadian families who enrol their children in eligible fitness activities. When fully implemented, these enhancements will deliver additional tax relief to about 850,000 families.

• (1620)

Mr. Mark Adler: Thank you very much.

Minister, you also mentioned during your opening remarks that the government has taken many actions, in fact 80 different measures, to increase fairness and the integrity of our tax system.

How does Bill C-43 build on the tax fairness measures the government has already introduced?

Hon. Joe Oliver: There are a number of ways in which we have addressed the issue of fairness. I mentioned how the fishing industry benefits.

Bill C-43 reflects our government's ongoing commitment to improving fairness and integrity in the system and to ensuring that everyone pays their fair share. This includes a package of actions to address aggressive tax avoidance by multinational enterprises.

A well-functioning tax system is essential to keeping Canada positioned as an attractive place to work, invest, and do business, so efforts to ensure the integrity of the system also benefit provincial governments by protecting provincial revenues on our shared tax basis.

Specifically the bill will eliminate a graduated-rate taxation for trusts and certain estates. It will better target income tax rules relating to non-resident trusts. It will protect the tax base by preventing the shifting of certain Canadian source income to no- or low-tax jurisdictions. It will adjust the policy that encourages the exchange of tax information, and it will add new conditions for qualifying under the regulated foreign financial institution tax rules.

Since we have been in government, we have introduced over 85 measures to improve the integrity of the tax system.

The Chair: Thank you very much.

Thank you, Mr. Adler.

Minister, I want to thank you on behalf of the committee for being with us this afternoon, and thanks to your officials. We appreciate your time.

Colleagues, we have about eight minutes to get to the House for a vote, so we'll suspend and come back immediately after the vote.

Thank you.

• (1620) _____ (Pause) _____

• (1645)

The Chair: I call this meeting back to order. It is meeting number 59 of the Standing Committee on Finance.

We're very pleased to have with us here today, four witnesses from four different organizations.

First of all we have the Canadian Labour Congress, president Hassan Yussuff. Welcome back to the committee.

Secondly, we have the Public Health Agency of Canada. We have our chief public health officer, Mr. Gregory Taylor. Welcome to the committee.

From the Credit Union Central of Canada, we have the president and CEO, Ms. Martha Durdin; and we have Vancouver City Savings Credit Union's chief economist, Mr. Chris Dobrzanski. Welcome.

I want to welcome you all to the committee on behalf of all the members. Thank you for appearing on the budget implementation act. You will each have five minutes for your opening statements, and then we'll have questions from members.

We'll begin with the Canadian Labour Congress, please.

Mr. Hassan Yussuff (President, Canadian Labour Congress): First, James, let me thank you on behalf of the Canadian Labour Congress for inviting us to come to present our views today on Bill C-43.

The Canadian Labour Congress, as you know, is the national voice on behalf of 3.3 million workers across Canada.

I will focus my comments on the issues of employment before turning to the temporary foreign workers program.

We continue to face a very serious unemployment challenge in this country. Unemployment, especially youth unemployment, remains stubbornly high. The overall labour force participation rate and the employment rate have still not recovered to their pre-recession days of 2008. On the contrary, the participation rate continues to fall, and the employment rate has been stagnating since 2010. We still have a crisis on our hands with respect to jobs for young people, and especially good jobs for young people.

Bill C-43's response to this crisis is inadequate, to say the least.

Bill C-43 implements a small business job credit. According to the Parliamentary Budget Office, this will create 800 new jobs in 2015 and 2016. Instead of doling out a \$550-million EI premium cut to employers, the federal government needs to make this program work for the unemployed workers.

There are nearly 270,000 unemployed workers in Toronto, and only 17% of them are receiving unemployment insurance benefits. It's fundamentally unfair that workers are paying into this program and are unable to access benefits when they lose their jobs. Imagine paying premiums for house insurance only to be denied compensation when your house burns to the ground. We need action to improve the employment insurance program, not to erode it. The CLC has long been calling on the government to allow more workers to access EI benefits.

We also need a major public investment, economic growth, and a lift to private sector productivity in this country. High-quality and accessible child care for all Canadians would create jobs and increase the labour force participation for parents with young children. The federal government could also be doing much more to encourage skills training and expand the apprenticeship programs. We need a skills training and workforce development strategy if we are ever going to end employer dependence on the temporary foreign worker program.

I want to speak next to the temporary foreign worker program. Bill C-43 gives the government great powers to beef up the inspection and compliance verification of the temporary foreign worker program.

In our view, the efforts to protect migrant workers' rights will continue to be undermined by the fact that workers in the low-wage stream are unfree, dependent on employers, and of course vulnerable to exploitation and abuse as a consequence. Temporary migrant workers must be given access to permanent residency and given the legal means and support to escape abuses from employers. Otherwise, no amount of compliance efforts will suffice to safeguard migrant workers' rights.

The government has not moved to address the temporary migrant workers entering Canada under the international mobility program. Employers who hire these workers are not bound by any of the rules that are set out under the labour market impact assessment process. The requirements that employers pay prevailing wages and first advertise for permanent residents and Canadians don't apply.

The federal government's decision to change the live-in caregiver program rules add further to the problem. They will almost certainly restrict the ability of caregivers to gain access to permanent residency.

Finally, I want to say that it is irresponsible that Bill C-43 allows provinces to set minimum residency requirements for social assistance. This will restrict social assistance benefits for refugee claimants who are awaiting a determination of their claims. This serves no policy purpose, and only serves to demonize refugee claimants.

With that, I want to thank the committee and welcome any questions that you may have.

• (1650)

The Chair: Thank you very much for your presentation.

Dr. Taylor.

[*Translation*]

Dr. Gregory Taylor (Chief Public Health Officer, Public Health Agency of Canada): Mr. Chair and members of the committee, thank you for giving me an opportunity to discuss with you the amendment to the Public Health Agency of Canada Act—which is presented in Bill C-43—and my role as Chief Public Health Officer of the Public Health Agency of Canada.

As you know, that amendment aims to redefine the role of the chief public health officer so that it would focus exclusively on the public health needs of Canadians. This amendment also aims to create a position of president of the Public Health Agency of Canada, who would be in charge of managing the agency.

I strongly support this amendment. My unique journey has allowed me to gain a lot of experience and come to this conclusion.

[*English*]

I started my medical career as an M.D. in a private small city practice. As a family physician I experienced the challenges of holding two jobs much like the position of chief public health officer. On one hand I was helping patients improve their health and essentially managing a business on the other, often causing tension between the two.

In the 20 years since, I've held progressive leadership positions in the federal government, specializing in public health, and I've

watched the agency grow from a branch of Health Canada to a global leader in public health. Today with an ebola epidemic in the public spotlight, we're reminded why the country needs its leading public health professional to focus exclusively on one major task: public health.

Since the agency's inception, the competencies and experiences to lead national public health issues have grown, as have the skills needed to manage a growing public sector organization. The Public Health Agency of Canada now has over 2,000 employees across the country. It's annual operating budget is over \$600 million.

For years now it's been clear to me and my colleagues that the CPHO role must evolve and complement that growth in a way that makes sense. Division 20 of this bill will allow my position to focus on moving Canada forward in public health issues, providing advice directly to the Minister of Health and to Canadians, collaborating with all partners and interacting with multiple key players including the Canadian public. At the same time, a dedicated agency president will provide focused strategic management and corporate leadership for a world-leading, vibrant and strong organization.

The president, as deputy head of the agency, will assume some of the management responsibilities currently assigned to the CPHO including accountabilities for finance, audit, evaluation, staffing, official languages, and access to information and privacy. These are all important functions requiring the attention of a senior leader.

The changes proposed do not diminish the role of the chief public health officer, they enhance it. In essence, they associate internal management and capacity issues with a dedicated agency head and direction on public health issues with the CPHO. It makes good management sense and good public health sense to make these changes.

It's a structure that works well for many provinces and territories, and for countries, including the United Kingdom and Australia. In fact, we've been moving this way as an agency for some time now and have, in fact, adopted this type of management structure since 2012. At that time we began to separate out the roles and responsibilities of the CPHO on an interim basis. My appointment as CPHO on September 24th of this year—the date of the agency's 10th anniversary—reflected the first step needed to move public health forward in Canada.

The next step will ensure we have the right people in the right positions focused on the right tasks for Canadians. I'm very proud of the agency's maturation. The agency has become a world leader in public health, and just as its profile of importance has grown, so have public expectations of our work. We need to enhance our public health connections globally.

After 10 years and many high-profile public health success stories, the agency and the position of chief public health officer are no longer young. We now need to adapt and advance in a way that makes good management and public health sense.

Mr. Chair, committee members, for these reasons I strongly support division 20 of Bill C-43 before you today that will amend the Public Health Agency of Canada Act.

The associate deputy minister and I believe these changes are the right thing to do for the health of Canadians. I thank you for inviting me today.

• (1655)

The Chair: Thank you, Dr. Taylor, for your presentation. Speaking on behalf of all of us, I thank you for your work dealing with the ebola epidemic.

We'll now hear from the Credit Union Central of Canada.

[Translation]

Ms. Martha Durdin (President and Chief Executive Officer, Credit Union Central of Canada): Good afternoon.

My name is Martha Durdin, and I am President and CEO of Credit Union Central of Canada. Thank you for the opportunity to appear before you to speak to Bill C-43.

[English]

Credit Union Central of Canada is the national trade association for the 317 credit unions operating in Canada outside of Quebec. These credit unions hold over \$166 billion in assets and operate out of 1,740 locations across the country. They provide over 27,000 jobs and banking services to 5.3 million Canadians.

Credit unions are provincially regulated financial co-operatives owned by their members. These member-owners play an important role in guiding the evolution of their credit unions and exercise control over their institutions on a "one member, one vote" basis.

Credit union innovation goes beyond our unique ownership structure. Credit unions have a rich history of Canadian financial sector firsts. Credit unions were the first Canadian financial institutions to lend to women in their own names. They were the first to offer daily interest savings accounts, the first to offer full-service ATMs, and the first to offer fully functional online banking.

[Translation]

Credit unions have strong relationships with the communities they serve.

[English]

We do not seek short-term profits and we stay invested in our communities when competitors chase profits elsewhere. In fact, the credit union system today operates in 380 branches in communities where there is no other physical banking presence.

[Translation]

Credit unions also have a special affinity for small businesses.

[English]

I hesitate to raise them after the exchange a little while ago, but the Canadian Federation of Independent Business data shows that credit unions, including Desjardins, have the second highest share of small business lending in Canada at 18.6%, just behind the Royal Bank of Canada, which of course is a much larger institution. According to the CFIB, credit unions have achieved this success because they

dominate the banks in providing exceptional service to small business.

Credit unions are also a force for stability in the Canadian financial sector. Our loan growth is steady. Our average credit union loan losses have been significantly lower than those of the chartered banks.

[Translation]

In short, credit unions are a Canadian success story.

[English]

They are innovative, community-focused, a key support for small business, and a force for stability in volatile times. They are key elements in a competitive financial sector ecosystem. The success is a product of efforts at individual credit unions but it is also the result of collaboration between credit unions. Over time this collaboration has built provincial centrals, and more recently, regional centrals like Central 1 in B.C. and Ontario, and Atlantic central that provide back-office services to credit unions across provincial boundaries.

Collaboration helps the credit union system build scale and find common approaches to technology, branding, liquidity management, compliance, and market strategy. In many instances, this collaboration has been aided by a federal legislative framework that has facilitated cooperation across the credit union system. That brings me to Bill C-43.

Bill C-43 proposes significant changes to the federal framework that has governed aspects of the credit union system for decades. These proposed legislative changes were initiated by the federal government in the budget in 2014, as you know, and were not made at the request of the credit union system.

In basic terms, Bill C-43 will reorder the federal government's relations with the credit union system. This is particularly true with regard to the relationship with the provincial credit union centrals, and regional credit union centrals.

The Chair: You have one minute.

Ms. Martha Durdin: Currently five provincial centrals in Canada are dually regulated by OSFI and the federal institutions of the centrals. The implications of adjusting to such a significant departure from past practice will take some time to understand and to respond to.

I think I'll just go straight to my conclusion, seeing as I'm over the time.

Bill C-43 is proposing changes to the system framework that governs parts of the system and we're looking for time to prepare for and implement the transition envisioned by the federal government. To that end we request that this committee when it reports on Bill C-43 include a recommendation that the federal government ensures that credit union stakeholders have the time to prepare for the transition to an exclusively provincial regulatory regime, and that the transition timetable be dictated by the requirements of the smooth transition.

Thank you.

• (1700)

The Chair: Thank you very much for your presentation.

We'll now hear from Vancity, please.

[Translation]

Mr. Chris Dobrzanski (Chief Economist, President and Chief Executive Officer, Citizens Bank of Canada, Vancouver City Savings Credit Union): I want to thank the chair and the committee members for inviting Vancouver City Savings, or Vancity, to be part of today's discussion on Bill C-43.

My name is Chris Dobrzanski, and I am the Chief Economist at Vancity Credit Union, based in Vancouver, British Columbia. I am also the CEO of Citizens Bank of Canada, which is fully owned by Vancity and provides a national financial framework to our credit union.

Today, I will share our perspective, which is rooted in community and provincial incorporation. As Ms. Durdin was saying, credit unions and caisses populaires continue to attract a growing number of members and talented financial services employees who serve many sectors in the real economy. Constituents benefit from the national network of provincially incorporated deposit-taking financial cooperatives. The Canadian credit union sector, excluding Desjardins caisses populaires, represents 5.3 million members, or 20% of the population.

[English]

Since 1946, Vancity has known that members make us who we are. We were founded by providing banking services to those in our community who weren't served by existing financial institutions. As a cooperative, Vancity is driven by the needs of its members, which has resulted in the provision of many firsts extending the reach of financial inclusion.

This ability to work with the needs of the community serves us well today and has allowed Vancity to be an innovator in providing real-time solutions to community challenges in areas of affordable housing, local food systems, social enterprises, renewable energy and environment, and financial literacy, to name a few. This local innovation, in part, relies on direct access to payment settlements. Specifically Vancity, via its membership in Central 1, has Canadian Payments Association, or CPA, protocol, reliability, and stability. Vancity is grateful for the existing framework that allows regional central credit unions to be equal partners in the CPA. Today, with over 501,000 members and assets of nearly \$18 billion, Vancity is Canada's largest community credit union.

Vancity understands the big picture for financial regulations emerging, especially for the implementation of Basel III internationally by 2018. We agree that some financial reform will inconvenience regulated deposit-taking financial institutions to provide more stable credit pipes that support the real economy, which is aided greatly by harmonizing and tightening regulation. Vancity favours regulation that provides for a stable supply of banking services to Main Street, where our credit union members work.

[Translation]

Nationally, Vancity cooperates with credit unions across the country to create a large-scale secure network. In our case, this is done through Central 1. We are grateful for the current framework that today allows our regional central credit unions to be equal partners in the CPA, and be subject to the same rules of the Office of the Superintendent of Financial Institutions. These uniform standards support Vancity members, as they create greater financial stability for all deposit-taking financial institutions, and not just credit unions and their member centrals.

As a cooperative, Vancity is democratically governed by its members. Together with other British Columbia credit unions, we are members of our regional central credit union. Through our member-elected board of directors, we consult with each other on matters of financial reform, financial scale and sound financial practices. Our consultation process reaches a deeper consensus, perhaps, than our competition. It does take time to consult within our peer groups and to coordinate across our credit union regions.

• (1705)

[English]

We note that the important changes envisioned in Bill C-43 with respect to credit unions would also benefit from a deeper consultation. Our experience is that when we devote adequate resources and time to policy changes, like those in the bill, we are able to ensure a smooth transition to a new state with clear benefits for all those involved. We ask the committee, therefore, to understand that we would welcome sufficient time to allow for our system of cooperative collaboration to develop a coordinated response to the regulatory changes envisioned.

[Translation]

In closing, Mr. Chair, on behalf of the members of Vancity, I wish to emphasize our agreement that it is only prudent to start planning for the topics we covered today.

I thank you very much for the opportunity to present to you today. You can always come by Vancouver to see the positive effects we have on the communities we serve and the importance of our values as the basis for our financial activities. We hope you will visit Vancity next time you are in Vancouver.

Thank you.

The Chair: Thank you very much for your presentation.

[English]

Colleagues, we should do five-minute rounds. I want to indicate that we won't get to every member, so if we can share some rounds that would certainly be helpful for all of you.

We'll start with Mr. Cullen, please, for five minutes.

Mr. Nathan Cullen: Thank you, Mr. Chair, and thank you to all of our guests. I'd like to first echo the comments of our Chair to Mr. Taylor that the work that your organization has been doing on behalf of all Canadians is the reason why you're there and why public health care matters and should be supported.

Quickly to Ms. Durdin and Mr. Dobrzanski, the question is around consultation before these changes. In the last budget there was a change made to the way credit unions were taxed by the federal government that had some impact broadly across credit unions. I'm not sure, Ms. Durdin, if you were involved at that time.

Ms. Martha Durdin: I was not involved at that time.

Mr. Nathan Cullen: The change in tax policy cost credit unions across Canada somewhere in the order of \$130 million. Mr. Dobrzanski, I'm not sure if you were involved with Vancity or other credit unions at that time as well.

Mr. Chris Dobrzanski: I was at Vancity during the time these changes were proposed.

Mr. Nathan Cullen: Were there any consultations that you are aware of when the federal government decided to change the tax policy?

Ms. Martha Durdin: My understanding is that there weren't.

Mr. Nathan Cullen: Were there any consultations with regard to this change to how credit unions work in Canada?

Ms. Martha Durdin: My understanding is that there have not been.

Mr. Nathan Cullen: Right.

In your comments you made reference to the fact that credit unions are very good with small businesses.

Ms. Martha Durdin: That's right.

Mr. Nathan Cullen: They are proportionally better than the chartered banks.

Ms. Martha Durdin: That's our view.

Mr. Nathan Cullen: By proportionally, I mean in terms of assets.

Ms. Martha Durdin: Yes. We are larger lenders to small business—proportionally.

Mr. Nathan Cullen: You're better, more effective lenders, particularly focused on small and medium-sized businesses in Canada. Is that a fair assessment, backed up by evidence?

Ms. Martha Durdin: That's a fair assessment.

Mr. Nathan Cullen: It seems strange to me then that with your being the part of the financial sector that is the best at helping stir small business innovation, development and enhancement, creating those jobs—the government continually says small businesses are the ones that are the great job creators—for two years in a row now, you haven't been consulted by the federal government; first, on how you're taxed, making it more punishing; and second, on a basic governance model.

Are either of these measures the Conservatives have chosen to do enhancing your ability to help small businesses?

Ms. Martha Durdin: The way I'll address that is to say that's why we're here today, to ask for more time in terms of the implementation of Bill C-43 and when the clock starts.

Mr. Nathan Cullen: Is there a risk if it's implemented in a rush, if these changes happen without that delay that you're asking for? Is there an effect on the credit unions?

Ms. Martha Durdin: The credit unions need time. As a system, we need time to understand the impact of these changes and to make the necessary changes, some of which may be legislative changes at the provincial level to adjust to that new environment.

Mr. Nathan Cullen: By the way, we enjoy our conversations with the CFIB. We just don't want the federal government to outsource policy-making to a business lobby group, as they wouldn't to any other lobby group.

This is to Mr. Yussuff, specifically about the outsourcing that was done on this \$550-million raid on the employment insurance program. I'm not sure if you were here while the minister was here. We asked the direct question. We've asked the finance department if they did any analysis of the impact on jobs, and at every occasion they said they relied on a business lobby group's estimate or they said flatly, "No, we have not done an analysis."

What is the concern about using the employment insurance fund this way, when the government doesn't even bother to raise a pen or calculator to figure out what the impact may or may not be?

● (1710)

Mr. Hassan Yussuff: First and foremost, in the EI program, as you know, workers pay 50% of the premium and so do the employers. In the context of choosing one side over the other, it seems reprehensible that workers would not even be considered in terms of how this would impact them. When you look at the benefit level that workers are receiving currently, with the current rules that exist for EI, this is fundamentally blatantly flawed. In Toronto, to use one example, 17% of the unemployed get benefits, and 83% get no benefits.

At a time when there are huge challenges going on in the city in terms of skills needed and what have you, there has been no consultation with us with regard to this policy change, much less with workers as a group with regard to how this might impact them.

Mr. Nathan Cullen: The minister claimed earlier that the reason they used CFIB for their so-called analysis on their job creation scheme was because they're the experts in small business. You're the experts on workers and what happens when workers lose jobs or need to get back into the field, which would be a preoccupation considering we've lost 400,000 manufacturing jobs that haven't been replaced.

What enhancements could we do to help the Canadian economy and the actual workers, employed and unemployed, in that economy?

Mr. Hassan Yussuff: As you know, there's an expectation when you lose your job that you're going to get benefits if you've paid into the system, and it is unfortunate, given the rules that currently exist, that workers can't even access benefits, which accounts for the 17% in Toronto.

In addition to that there is a real systemic challenge in the country with regard to training. We have a huge training challenge in this country, and we need to put more money into training and to figure out how we can get employers to participate in the program in terms of training. Of course, we're seeing that challenge remain year after year. It's not helping productivity in any way, neither is it helping workers who have lost their jobs to get back into the job market.

The Chair: Thank you.

Thank you, Mr. Cullen.

We'll go to Mr. Saxton, please.

Mr. Andrew Saxton: Thank you, Chair, and thanks to our witnesses for being here today.

My first questions are for Credit Union Central, Ms. Durdin.

Economic action plan 2014 proposes to improve and clarify the federal regime for credit unions. In your opinion, how will Bill C-43 help to clarify federal regulation in respect to provincial credit union centrals that want to be federally regulated?

Ms. Martha Durdin: The impact of Bill C-43 and the changes are, from what the government has told us, to clarify the roles of provincial jurisdiction and federal jurisdiction. That is the impact of the changes.

The impact on the centrals is still to be defined. We're working through that process to understand what changes need to be made to accommodate that change. It's difficult to say at this point because we're still responding to the technical paper and trying to understand what needs to be done.

Mr. Andrew Saxton: In your opinion, how will the measures in Bill C-43 help streamline the process, specifically for amalgamations, and providing choice and stability for consumers?

Ms. Martha Durdin: I don't actually think there will be any impact on the process for amalgamations. The choice for credit unions to go federal, if that's your question, if they're to go into the federal sphere, is a difficult choice. I don't think the two are really related.

Mr. Andrew Saxton: Maybe I'll ask the same question then of Mr. Dobrzanski from Vancity. Do you want me to repeat the question or did you get it?

Mr. Chris Dobrzanski: Is it with respect to amalgamation?

Mr. Andrew Saxton: Yes.

Mr. Chris Dobrzanski: Yes. Vancity, as you know, has the privilege of being both provincially incorporated as a credit union and having a federal chartered bank solely owned. Our board of directors, elected by our members, has taken a view that the credit union's purpose is for local impact and for creating and responding to our community. They continue to view that a provincial incorporation actually strengthens and enables that regional and local model.

As for the bank, the bank gives us an important plateau in the payments structure. While we are not an active deposit-taking financial institution, we remain in proper status with our regulators OSFI and CDIC.

I will say that the credit union Vancity has been supportive of the transition measures that Bill C-43 seeks to clarify, so those credit unions that wish to make the choice to become federal have a clear path and a clear line of sight.

If I can use the observation about a clear line of sight, we understand in the current structure how our cooperation with the current regulations create a line of sight for our members through our central into the payments into a federal financial institution network. It's that consultation we would wish to carry, going forward.

• (1715)

The Chair: Mr. Saxton, Ms. Durdin did want to comment again.

Ms. Martha Durdin: Could I just add to my last answer? If your question relates to amalgamation, because credit unions are provincially regulated, the amalgamation within a province shouldn't be impacted by Bill C-43.

Mr. Andrew Saxton: Thank you.

Mr. Dobrzanski, can you talk about the benefits of being regulated by OSFI? With your Citizens Bank, you do have a federal charter, I believe. Can you explain what the benefits of OSFI are?

Mr. Chris Dobrzanski: At the top of the house, Vancity and two other credit unions in Canada are members of the Global Alliance for Banking on Values, an organization that wants to promote transparency in risk-taking and accountability in terms of community impact.

OSFI oversight specifically at Citizens Bank has served the organization very well, as OSFI has introduced some of these international Basel standards earlier into Canada, which have shaped the risk-taking and risk preparation inside the larger credit unions across Canada. We benefit from that early and direct oversight, and are grateful for that relationship between our federal agencies that oversee Citizens Bank.

Mr. Andrew Saxton: Thank you, Chair.

The Chair: Thank you, Mr. Saxton.

Mr. Brison, please.

Hon. Scott Brison: Thank you, Mr. Chair.

Thanks to each of you for joining us today.

I'd like to begin with the credit unions. We understand the importance of small business to the Canadian economy. It's essential. Over the next 10 years we're told that 50% of the small businesses in Canada will be sold, driven largely by demographic issues as baby boomers retire. We're also told by some economists that this represents a significant risk to the Canadian economy with such a big part of the Canadian economy going through succession in such a short period of time.

Given the importance of credit unions to small business lending and finance, should we be doing more to support your efforts, particularly during a time when there's going to be such a demand on small business financing in Canada? What is a specific measure that could enable you to do more to help small business—a federal measure, a tax credit, as an example?

Ms. Martha Durdin: That's a leading question.

I was going to say that, yes, supporting the credit union system in the regulatory environment, both federal and provincial, is important because they play an important role for small business. In some of the western provinces, in Saskatchewan for example, half of small business lending in the province is delivered through credit unions. They play a very important role in that regard. As you know, one of my colleagues from the credit union was in front of this committee a few weeks ago to speak to a proposal that we've made to the federal government in terms of a small tax credit for credit unions. We've discussed that at this table before. We believe that the tax credit will allow the credit unions to retain capital and that capital is then translated into lending to small business.

Hon. Scott Brison: How much of that small business lending would that tax credit result in, based on your analysis?

Ms. Martha Durdin: Our analysis estimated that the cost to the government was about \$60 million. The lending that would result, or the amount of capital that would be available to lend to small business and Canadians, would be in the neighbourhood of over \$700 million.

Hon. Scott Brison: Thank you very much.

Bill C-43 amends the Business Development Bank of Canada Act to allow BDC to extend credit or provide liquidity to any person through a category of transaction that's prescribed by the regulations.

Do you have any concerns that these changes to BDC's potential mandate may creep into work that you're doing? Do you have any concerns or thoughts on these changes?

• (1720)

Ms. Martha Durdin: The way we have read the changes that are proposed is that they are meant to be complementary to private sector lending. In that regard we do not have any concerns about additional competition for the credit unions. Our experience with the Business Development Bank has always been that they are complementary.

Hon. Scott Brison: Are you aware that some of the Business Development Bank work in lending and support is only available to

traditional corporate structures and not to cooperatives as an example? Given that credit unions are part of a broader cooperative movement—

The Chair: One minute, please.

Hon. Scott Brison: —do you think that the cooperative movement ought to be supported by BDC, not just typical corporate structures?

Ms. Martha Durdin: I really—

Hon. Scott Brison: We can have that conversation another time.

Ms. Martha Durdin: We'd have to have a conversation about that. It sounds logical.

Hon. Scott Brison: Mr. Yussuff, you have mentioned job numbers, stagnant job growth, youth unemployment and the whole issue of unpaid internships. I would appreciate your thoughts on how big the issue has become from your group's analysis and what we should be doing.

The Chair: A brief response, please.

Mr. Hassan Yussuff: Very briefly, I think that since the recession of 2008 youth unemployment has been stubbornly high. It remains in the double digits. It really sends a bad message to young people who are trying to get an education or who have an education and can't find meaningful work. Our position is that government really needs a strong strategy to help that particular group try to find meaningful and full-time work.

Secondly, in regard to the whole argument and debate that's been going on about free internships, fundamentally we are opposed to them. Listen, we are a rich country and most of the employers who take advantage of free internships can afford to pay for internships. We have internship in the CLC. We pay people when they come in to work for the congress because we believe the first thing we should make people learn is that if you're going to work you're going to get paid for it. It's a fundamental principle. I think it's critical in the context of this debate that's going on to bring in regulations where they can at the provincial and federal level restrict that practice.

The Chair: Thank you.

Thank you, Mr. Brison.

We'll go to Mr. Allen, please.

Mr. Mike Allen: Thank you, Mr. Chair.

I'll start with Ms. Durdin and Mr. Dobrzanski, please.

Ms. Durdin, you didn't get a chance to finish your comments. I wanted to pick up on a couple of things and seek some clarification.

I think what I heard from both of you is that the key element here is time, because you have a membership-driven organization so there is that kind of thing you need to do within your organization to get this sorted out and how that works.

Also, Mr. Dobrzanski, you said that the changes are something that will give the credit unions a choice to go federal or provincial, so the important thing is to set that framework in place, which this legislation basically does. That's an important thing, and I agree with you. We want to make sure that your service gets to as many places as we can. On that point we see that a lot of the major financial institutions have pulled out of the small communities.

If I understand correctly, the department has given you some indication that this probably could be two years before it would actually go into effect. Is that true?

Ms. Martha Durdin: That's right. The Department of Finance issued a technical paper in mid-October, discussed the framework around some of these changes, and asked for our feedback by the end of December of this year. They are allowing a two-year timeframe for these changes to be implemented, but it's unclear to us when the clock starts.

Does the clock start at the end of December when the period is over or will it start when Bill C-43 is enacted? When does it actually start? We're asking for a minimum of two years, a timeframe that's more related to what needs to be done once we understand the full scope of what changes are required, because some of them are beyond our control.

Mr. Mike Allen: You would prefer the two years from the time the bill is passed, as opposed to going back to October?

• (1725)

Ms. Martha Durdin: Yes, or later.

Mr. Mike Allen: Have either of you started in terms of discussing with the provincial regulators, to this point in time, to assess the impact of those changes?

Ms. Martha Durdin: Yes. The provincial regulators, as I understand it, have met and met with federal financial officials. That discussion is under way.

Mr. Mike Allen: Mr. Dobrzanski, this applies to the centrals and the question.... Is the nuance with the way the centrals are providing these back-office services? Is this nuance different from maybe one of the major financial institutions? Is it the centrals that are the key, like the fly in the ointment, on this one? Is that the issue?

Mr. Chris Dobrzanski: It is fair to say that for the line of sight for a small business member at Vancity, or a social enterprise or a not-for-profit agency at Vancity, we can explain to them in the current framework or through our central, which is part of that federal landscape at the clearings level, how their cheques and their deposits clear. They have the confidence, therefore, to carry on transactions with us.

It is not clear to us where we need time to understand the different proposals as they emerge if the centrals change who regulates them. Does that change and impact the payment systems? Or is there, in some clauses here, reference to wholesale financial institutions from the cooperative sector? Will another technical wholesale cooperative sector be enabled or an institution be enabled to support this sector in the area of the evolving payment?

We're speaking from a member lens that—you're absolutely right—passes through not only the credit union and the central, but into

how we cooperate regionally so that we can create a cooperative credit-union-based space at scale for financial settlements.

Mr. Mike Allen: I have about a minute left. I want to pick up on one of the comments that Mr. Brison was talking about in regard to the tax changes and one of the proposals you made in the prebudget consultations for the tax on the capital and the retained earnings. I understand that it's roughly \$69 million.

The existing tax, which is being phased out I guess over five years...and it still doesn't apply to the real small credit unions, but as you merge, you get bigger, so therefore you would lose that tax advantage. My understanding is that it's roughly in the order of about \$46 million today for that.

Ms. Martha Durdin: I think that's correct.

Mr. Mike Allen: The incremental that you're asking for is something like \$23 million over that. Is that correct?

The Chair: Just a brief response, please.

A voice: Exactly.

Mr. Mike Allen: Yes. Okay. Thank you very much.

That's it.

The Chair: Thanks very much, Mr. Allen.

[Translation]

Mr. Caron, go ahead.

Mr. Guy Caron: Thank you very much, Mr. Chair. I will share my time with Mr. Rankin.

Mr. Yussuff, I would like to come back to the issue of employment insurance.

You are very familiar with the program and the 2008 and 2014 Supreme Court rulings. In 2002, the former Auditor General stated in her report that the employment insurance fund surpluses, at that time, were contrary to the spirit of the law and that, under such circumstances, the government should review the premium rate-setting mechanism.

The Supreme Court agreed with that opinion in its 2008 ruling. Moreover, in 2014, the court reaffirmed its statement from 2008. Despite everything, the government uses the employment insurance surpluses for an initiative whose only goal is to provide businesses with premium holidays, with no strings attached.

Do you agree that one of the government's responsibilities would be to establish an independent premium-setting mechanism to ensure that employers and employees would pay premiums proportional to the benefits they can receive?

[English]

Mr. Hassan Yussuff: Yes, I would agree with you.

When former finance minister, Jim Flaherty, brought in the changes for the rate-setting processes, it established an independent board or was supposed to accomplish that. For the most part of their work, they got it wrong and they got it wrong many times. We had made some argument that the structure was flawed and they needed to fix it.

Again, we're seeing that the amount of revenue generated by the EI fund exceeds, obviously, the benefit payments that are going out. The challenge that we see here is that the ability to access benefits had been so restricted that the workers who were supposed to benefit from the system are becoming marginalized more and more. It's so restrictive they can't gain access.

I think workers have a role to play in terms of what should happen here with the premium they're paying, but more importantly, the entire structure needs to be looked at. The qualification mechanism for getting benefits is far too restrictive, and of course, the workers end up paying the biggest share of that.

When they don't get the EI benefits, fundamentally, they have to go on social assistance in their provinces and the provincial governments end up paying the cost that the federal government is escaping any responsibility for.

• (1730)

[Translation]

Mr. Guy Caron: Thank you.

I will now yield the floor to Mr. Rankin.

[English]

Mr. Murray Rankin: Thank you to the witnesses for coming.

I'd like to ask Dr. Taylor a question. When you confront a public health issue like ebola, are you free to speak out publicly if, as, and when you wish?

Dr. Gregory Taylor: I speak very often to the public. I speak to the media. I speak to parliamentarians on a regular basis. I speak very frequently.

Mr. Murray Rankin: The reason I ask is that with this new arrangement, with the president and yourself, clause 256 only talks about you providing advice to the minister and the president on public health matters.

Do you consult with the ministry first before you provide advice? Are you free to go out on your own if you wish?

Dr. Gregory Taylor: When I'm speaking to Canadians, I'm speaking on behalf of the Public Health Agency. Part of the role of the CPHO has always been speaking to Canadians and that will continue. There's also an annual report, the CPHO report, that goes directly to parliamentarians.

Mr. Murray Rankin: I'm familiar with the annual report but this section changes now, and only contemplates speaking and giving advice to the minister. I wasn't sure, do you have a communications protocol or something to confirm your ability to speak independently to the media?

Dr. Gregory Taylor: It's advice I give to the minister that goes to the president, the cabinet, and the Prime Minister. Speaking to Canadians is continually a clear role that happens, and as I say, I'm speaking on behalf of the entire agency and oftentimes on behalf of the entire government.

When I'm speaking on behalf of the government, I confer within the agency and confer that we're having the right message consistent with other departments, for example.

Mr. Murray Rankin: But nothing in the changes will change your ability to speak if, as, and when you want.

Dr. Gregory Taylor: No, nothing changes that. I will still be the spokesperson for public health for the federal government.

The Chair: Mr. Van Kesteren.

Mr. Dave Van Kesteren: Thank you, Chair. I have a short question, maybe a comment first.

I want to commend both of you, the credit unions. I have a long history with the credit unions myself. They were there, I remember, back in the early nineties when we had some difficulties and the major banks abandoned us. They were there to bring us through, and I've always had a strong kinship and deep appreciation for the credit unions.

I appreciate what the credit unions have done as well through communities. I know that they're important in Chatham-Kent—Essex. Credit unions such as the Heritage Savings & Credit Union, Libro, and Unigasco are all great organizations that have contributed greatly to our community, and I know that's consistent throughout. I just want to tell you how appreciative I am for what you do. You're so very important. You fill a gap that is necessary and critical for this country.

Mr. Saxon was taking about amalgamation.

Ms Durdin, you didn't feel that in the provincial boundary. But for a bank such as yours, a credit union such as yours, Mr. Dobrzanski, is that something that this legislation would impede?

Are you able to do those...? I think I understand what you said, that you have the charter to be able to move across provinces. Am I correct in making that assumption?

Mr. Chris Dobrzanski: I'll be quite pedantic here. There are specific rules that apply for the credit unions with respect to activity within the area of incorporation in British Columbia. With the bank, while it's under the Bank Act and the federal charter, we also have to register in the provinces we seek to do business in. These are quite separately run organizations even though there is a single shareholder and it's Vancity.

The view that I was presenting today around Bill C-43 is really that, as was noted, as membership-led credit unions, consultations are an essential part of our forum. Over the last decades we've been able to find a forum that builds scale nationally. Some regions have an equal importance of credit unions relative to their population but don't have the same dollars. We run the pool, as Vancity does, by putting all of its scale of clearings and systems in with our region so that our region can aggregate up to be at scale and competitive. Our region then aggregates that up with the other provinces.

That is what we're understanding today and we think that member-led consultation will require a little bit more time than perhaps was anticipated in the bill to get to the new framework. We've said that we're very much in favour of tighter financial regulation, in favour of sound banking services from industry, and we will stand behind that statement.

•(1735)

Mr. Dave Van Kesteren: You've visited this a number of times for the consultations. I wonder if you want to just brief the committee. I know it's not part of this part of the hearing, but on the specific ask of the 5% of your retained earnings, could you briefly bring that to the foreground—or maybe Ms. Durdin?

Ms. Martha Durdin: You're referring to the tax credit. As you know, credit unions—

Mr. Dave Van Kesteren: Just so that we understand, this is not part of this consultation on Bill C-43. This is part of future considerations.

Ms. Martha Durdin: That's right, it was part of the budget submission. Is that what you're referring to?

The tax credit relates to retained earnings. It's a credit on 5% growth of retained earnings. It's for credit unions. As you know, credit unions maintain all of their capital through their retained earnings and don't have the same advantages that banks do. That is why we're making that request. It's on the growth of the retained earnings.

The Chair: This is your last question.

Mr. Dave Van Kesteren: Is that consistent across the board? Is that something that all credit unions are seeking in the future?

Ms. Martha Durdin: Yes.

Mr. Dave Van Kesteren: Okay.

That's all.

The Chair: Thank you.

Colleagues, we do have bells at 5:45. I know the meeting was supposed to stop at 5:30. Can I ask our four witnesses, are you able to stay until 5:45-ish?

Okay, thank you very much. We all appreciate that.

We go back to the NDP. We'll start with Mr. Rankin.

Mr. Murray Rankin: Thank you. I'll share my time with my colleague, Mr. Caron.

I just have a question, please, for Ms. Durdin of the Credit Union Central. Just as a premise, I can't imagine the Conservatives going ahead with Bank Act changes without consulting that sector. But I understood in your answer to my colleague, Mr. Cullen, that you weren't consulted with the changes that were brought in by division 22, nor were you consulted last time when the changes were made on the tax regime. Have I got that right so far?

Ms. Martha Durdin: Yes, that's my understanding.

Mr. Murray Rankin: You are mostly regulated, of course, by the provinces. Do you happen to know, then, whether there was any consultation by the Government of Canada with the provincial governments?

Ms. Martha Durdin: I'm afraid I don't know the answer to that question.

Mr. Murray Rankin: You haven't heard one way or the other.

Ms. Martha Durdin: No.

Mr. Murray Rankin: Nor has Vancity?

Mr. Chris Dobrzanski: No.

Mr. Murray Rankin: Okay.

So your ask, if I can put it that way, for division 22 seems to be simply that you want it to be delayed in order for that consultation to occur. Is that right?

Ms. Martha Durdin: It is in order for us to really clearly understand what changes are needed at the provincial level and the time to implement those changes.

Mr. Murray Rankin: Essentially it's just that you want this not to be promulgated, not to be put into force unless and until that has happened. Are you suggesting a specific period of time?

Ms. Martha Durdin: I'm not suggesting a specific period of time just yet, because we're still in the process of trying to figure it out.

Mr. Murray Rankin: Just don't do it now.

Ms. Martha Durdin: Yes.

Mr. Murray Rankin: I see. Okay.

Thank you.

[*Translation*]

The Chair: Mr. Caron, go ahead.

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

I will come back to Mr. Yussuff and continue on the topic of employment insurance.

In 2007, just after the Conservatives came to power, the percentage of contributors to employment insurance who could receive benefits was 44%. Basically, 44% of people who contributed to employment insurance could claim benefits. Today, owing to access to benefits restrictions, that percentage has decreased to 38%. This means that four contributors out of ten can obtain employment insurance benefits, and this explains a large part of the surplus currently being used by the government to give employers a premium holiday.

Is my analysis correct?

•(1740)

[*English*]

Mr. Hassan Yussuff: Your analysis is absolutely correct. I think what's unfortunate here is that there's an expectation among workers that paying into the system, they will get a benefit at some point if they lose their job, or get access to training in that regard. We're seeing consistently across this country, not just in the Toronto numbers that I've stated but right across this country, that workers are less and less able to access the system when they do lose their jobs, much less getting any benefit out of the system, because the restrictions are so high for them to qualify to get benefits.

It essentially is taxation without any representation. They get no access to benefits despite the fact that they continue to pay on a consistent basis.

[Translation]

Mr. Guy Caron: The measure proposed by the government to give a premium holiday to companies that pay less than \$15,000 in premiums only targets small companies and does not include any conditions with regard to creating jobs. At the end of the day, employees do not get premium holidays. Could you comment on that? Will such a measure be effective?

[English]

Mr. Hassan Yussuff: Well, with our analysis, we use a more balanced source for our information. We could give you our own, but the Parliamentary Budget Office said it's likely to create 800 jobs for \$500 million in the benefits that will be received by small businesses. We think it's quite unfortunate, given the fact that such a huge swath of workers across this country is not accessing benefits. For that amount of money, it seems to me it's quite unfair that the workers were not brought into the equation.

Mr. Guy Caron: You've done analysis, you said? Can you share with us some insights on...? We know that the CFIB actually had a study. We know that the Parliamentary Budget Officer actually has a study. You've studied as well the impact of this measure.

Mr. Hassan Yussuff: Our numbers are very close to the Parliamentary Budget Office numbers in regard to job creation.

Mr. Guy Caron: So about 800 for 550 million dollars' worth.

Mr. Hassan Yussuff: Yes. I think actually you could hire people and get more out of that \$500 million if you tried.

Mr. Guy Caron: Have you analyzed the study from the CFIB on this?

Mr. Hassan Yussuff: No.

Mr. Guy Caron: Okay, so only the parliamentary budget director, using multipliers, using modelization...?

Mr. Hassan Yussuff: Yes.

Mr. Guy Caron: Have you forwarded these conclusions to the government?

Mr. Hassan Yussuff: I'm here to tell you the story, because I don't think it will make much difference.

Mr. Guy Caron: Okay.

Thank you.

The Chair: Merci, monsieur Caron.

I'll take the start of the next round, and if I have time, I think I'll share with Mr. Allen.

Dr. Taylor, I appreciate your being here, and I appreciate your clarifying it, because I think there were some issues raised about some of the changes. I think there was a lack of clarity with respect to the changes that were here, whether you supported them or not. Some of the commentary seemed to indicate that it would diminish your role, that it would diminish the influence you would have, that it would diminish the advice. I'm glad Mr. Rankin clarified the issue with respect to the fact that you still will be able to speak directly to Canadians. I appreciate that very much.

I just want to ask if you can state clearly again that these changes will not in any way diminish your role as chief public health officer.

Dr. Gregory Taylor: Not at all; in fact I report directly to the Minister of Health, so I'm on equal footing with the president. The two of us report, so we now have two people working full time to run the agency and run outbreaks, for example.

If anything, it will enhance the role of the chief public health officer, because I can exclusively focus on ebola, on public health issues, on speaking to Canadians, on international connections, with the provinces and territories.

The Chair: Rather than on administrative matters.

Dr. Gregory Taylor: That's right. She takes care of that and I get to focus on public health.

The Chair: On your core responsibility.

Dr. Gregory Taylor: Correct.

I see this as a real advantage, actually.

The Chair: Thank you so much for clarifying that. I appreciate that.

To Ms. Durdin, with respect to the timetable, we have your recommendation that you have enough time, and I think you've seen around the table there's a lot of sympathy for that.

I don't know if you want to put a timetable on that, but can you give the committee an approximate time for you to be able to respond to the department?

Ms. Martha Durdin: I would hesitate to put a timetable on it, but at the minimum it would be two years after the enactment of the bill.

The Chair: I have the question in your opening remarks. Can you state the question you would have for the committee on the two-year timetable, because you're essentially asking the committee to clarify when that two-year timetable starts?

• (1745)

Ms. Martha Durdin: That's right. It's unclear to us when the clock starts, whether it started with the bill being put in the House, whether it starts at the end of the consultation period or whether there's flexibility in when it starts.

The Chair: You'd obviously prefer it would start later rather than sooner?

Ms. Martha Durdin: That's right.

The Chair: Okay.

I have a couple of minutes. Mr. Allen, did you want to follow up with something?

Mr. Mike Allen: Yes, I would, Chair.

I want to follow up with Mr. Taylor with a question specifically referencing your remarks where you said:

...we've been moving this way as an agency for some time now and have, in fact, adopted this type of management structure since 2012. At that time we began to separate out the roles and responsibilities of the CPHO on an interim basis.

Can you comment about the conflict during that two-year period? It sounds to me as if you've been doing some of the administration and everything else. What percentage of your time has been allocated to what we'll call the back-office things, as opposed to the things we really want you to do?

Dr. Gregory Taylor: During that period of time, which was precipitated by David Butler-Jones' stroke and his stepping down, Krista Outhwaite continued as the acting deputy head and I was the deputy chief public health officer. So we separated the role and I focused on the content of the CPHO role and she focused on management. In essence we've been functioning like this for the last two and a half years, which I think has been very effective. I think I've been able to focus on a number of issues as the deputy chief public health officer, H5N1, etc., as we've been moving forward.

All this does in the current situation is stratify and formalize that role of the new CPHO.

Mr. Mike Allen: You've built up that relationship so it's tickety-boo, away you go the rest of the way.

Dr. Gregory Taylor: I think it's a very effective relationship. I've spent a lot of time working with Krista and she's a very effective

manager and she has been able to focus and bring a lot of management changes and management excellence to the agency, whereas I could not have been able to do that because I've been focusing out of the area. As I say, I'm very supportive of the change.

Mr. Mike Allen: Thank you for clarifying that.

Thank you, Mr. Chair.

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

Thank you for challenging the interpreters with interpreting "tickety-boo".

Some hon. members: Oh, oh!

The Chair: I want to thank our guests for being here this afternoon and for your patience with the vote that we had, and especially for staying later. We appreciate that very much.

Thank you, colleagues.

The meeting is adjourned.

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