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

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**Chair**

**Mr. Phil McColeman**



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

Thursday, November 7, 2013

• (1530)

[English]

**The Chair (Mr. Phil McColeman (Brant, CPC)):** Good afternoon everyone, and welcome.

This is meeting number 3 of the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities.

Today is Thursday, November 7, 2013.

Today we begin our examination of the subject matter of clauses 176 to 238 (divisions 5 and 6 of part 3) of Bill C-4, A second act to implement certain provisions of the budget tabled in Parliament on March 21, 2013 and other measures.

Before we begin today's meeting, I would briefly like to point out that Department of Labour officials are not here today to speak to the one clause pertaining to electronic administration of the Canada Labour Code found in division 6. We'll deal with all of the issues in division 6, as you wish, as a committee today, except this one clause. The reason is that we have employment and social development officials here who are prepared to answer any aspect of division 6, except the Canada Labour Code. However, at our next meeting, Labour department officials will be prepared to answer any questions on the one clause contained in division 6.

I would kindly ask that if you had prepared any questions on this topic you hold off your questions until the next meeting.

We are joined today by witnesses from the Department of Employment and Social Development Canada: Alexis Conrad, Atiq Rahman, and Catherine Allison. We're also joined by David Dendooven of the Privy Council Office.

Before we move into our presentations and rounds of questions, I'll point out per the meeting notice that our committee will recess at 5:15. I may take some liberties to recess a bit earlier than that, at 5:10, depending on how the discussions are going and what the committee chooses. Then we'll move into committee business because we have four such items to deal with today.

I know that the witnesses have prepared some remarks to open our discussions on Bill C-4. I believe Alexis is going to be doing the presentation.

We'll go to you, sir.

**Mr. Alexis Conrad (Director General, Skills and Employment Branch, Department of Human Resources and Skills Development):** Thank you, Mr. Chair.

First, I would to thank the committee for the opportunity to appear here today. I've had the opportunity to appear before the committee previously, and I appreciate your inviting me back.

You have already introduced my colleagues, but I will add their titles as well.

I'm joined by Catherine Allison, the director of strategic communications; Atiq Rahman, the director of policy and research, Canada student loans program; as well as David Dendooven, director of strategic policy, machinery of government, for the Privy Council Office.

[Translation]

If it pleases the committee, I will briefly introduce the proposed amendments to be discussed today. Following that, we will gladly answer any questions the committee may have.

[English]

Division 6 includes four components.

The first is the amendment to the Department of Human Resources and Skills Development Act to change the name of the department to the "Department of Employment and Social Development" and to reflect that change in the title of the minister and of the act.

The second is the amendment to the Salaries Act. These amendments reflect changes to the ministry announced on July 15, 2013. The first amendment updates the Salaries Act to reflect the legal title of the Minister of Employment and Social Development. The second amendment adds the new ministerial position "Minister of Infrastructure, Communities and Intergovernmental Affairs" to the Salaries Act.

In the third component are the amendments affecting the Canada student loans program. The Jobs, Growth and Long-term Prosperity Act, which was given royal assent in June 2012, amended the Department of Human Resources and Skills Development Act by replacing part 6 with provisions dealing with the electronic administration or enforcement of the Canada Pension Plan, the Old Age Security Act, and the Employment Insurance Act, in addition to any program that is supported by grants and contributions under section 7 of that act.

Further amending the act to expand the minister's authority to electronically administer or enforce the Canada student loans program is consistent with the economic action plan 2013's commitment to examine new ways to transform the Government of Canada's business to improve service and achieve efficiencies.

This amendment will modernize the delivery of the Canada student loans program through electronic enhancements to improve the process for students and their families and at the same time realize savings from increased efficiency. The enhancements include: electronic signatures; electronic verification of identity; and allowing the transfer of electronic documents. All of these are central to the Canada student loans program's electronic service delivery renewal.

Finally, the amendments related to the temporary foreign worker program will facilitate the ability to electronically administer and enforce the program, rather than relying on a cumbersome, paper-based process. Similar to the Canada student loans program, these amendments will expand the minister's authority to electronically administer and enforce the temporary foreign worker program and are consistent with the economic action plan 2013's commitment to examine new ways to transform the way the government does business in order to improve service and achieve efficiencies.

Specifically, the amendments will ensure that the temporary foreign worker program can continue to provide effective and efficient services to employers while ensuring the integrity of the labour market opinion process. These proposed amendments will allow the department, subject to regulations, to improve online delivery and could support other integrity measures being pursued by the department by providing the legal framework to obtain electronic signatures on labour market opinion applications; eliminating the need to retain and store paper-based copies of LMO applications; enabling secure online payment for LMO processing; and finally, improving the efficiency of the assessment process by preventing employers from submitting incomplete applications and by allowing employers to upload supporting documents throughout the assessment process.

• (1535)

[Translation]

Thank you, Mr. Chair. We would be happy to answer any questions the committee members may have.

[English]

**The Chair:** Thank you for that very condensed presentation. That will give us extra time for questions, I'm sure.

In the first round, we'll start with Ms. Sims from the NDP.

**Ms. Jinny Jogindera Sims (Newton—North Delta, NDP):** Thank you very much.

I want to thank you for putting everything together so succinctly. I think our questions will go through just as succinctly, I hope.

I want to talk for a few minutes about the department's name change. I understand that the overall cost is being downplayed and is cited as something that would take place as part of routine maintenance and updates, but I have a hard time accepting this without asking a few more questions.

I'm actually looking for a number. How much will it cost to institute the name change? Do we have those figures?

**Ms. Catherine Allison (Director, Public Affairs and Stakeholder Branch, Department of Human Resources and Skills Development):** I can tell you approximately what we've spent to date, if that's helpful information to have. So far, we've spent approximately \$42,000. That is really to address some of the immediate pieces that needed to be done, such as some building signage and some signage on vehicles, as well as things that are more public facing, including booths, kiosks, and backdrops, the things where you want the public to see what the department's name is.

In terms of going forward, I don't have figures that can speak to what's going forward, because basically, from here on in, updates are going to be made. As a sign needs to be replaced, the new name will go on it. As an office has an update, the update happens then. So the bulk of the costs is out there now. One of the really great things is that Service Canada remains "Service Canada", so none of those signs ever need to be changed.

**Ms. Jinny Jogindera Sims:** My understanding, from what you've said, is that you only really see the cost as \$42,000 and any of the other costs will be regular costs. Yet I saw a figure being thrown around—I think from some budget documents—that the cost could be closer to half a million dollars. As you said, it's hard for you to predict where it could go.

We are going through some very difficult economic times with unemployment being what it is. People are really struggling to make ends meet. I am going to ask a very archaic question. How was the name change arrived at? Was this the minister's decision alone? Were there focus groups?

When I think of just the sheer coordination of such an endeavour, it seems hugely time consuming and I'm not clear as to the gains.

I'm also hearing that the name change is as a result of the Conservative government's need to better understand Canada's labour market, including why and where shortages exist. Once again, I'm really confused as to how a name change will get us that.

The Conservative government let \$12 million of the funds earmarked for apprenticeship grants lapse. My colleagues at the public accounts committee have pointed out that the government sat on over \$138 million in the budget, approved to support skills and job creation, rather than transferring it to organizations, cities, bands, and post-secondary institutions for skills training, essential skills, literacy, and crucial job experience.

To me, this name change seems like spending that is rather superfluous, whereas actually spending the targeted money would have demonstrated a commitment to employment and skills training.

It's hard for me to accept that a name change is the magic bullet, but I will move on.

When the department was called HRSDC, the Conservatives sat on 20% of the budget money they had allocated for grants to diverse organizations, including private sector and industry groups, which would have supported the competitiveness of Canadian workplaces through skills training, and left \$8.2 million unused.

Do you imagine that under the new banner, ESDC, this pattern of non-spending will ensue, or is that all going to change suddenly?

● (1540)

**Ms. Catherine Allison:** I can really only speak to how the name change is being implemented.

**Ms. Jinny Jogindera Sims:** I appreciate that.

**Ms. Catherine Allison:** The mandate of the department remains the mandate of the department. We remain committed to building a stronger, more competitive Canada and supporting Canadians in making choices that help them lead productive and rewarding lives.

We're managing the costs of the name change in a way that's as effective and as prudent as possible.

**Ms. Jinny Jogindera Sims:** I'm going to move on to the electronic loan agreements for the Canada student loans program. First of all let me say that I'm always in favour of exploring measures to reduce paper waste. I think that's something we're all paying special attention to.

I was heartened to read that the department is considering our environment in this way. I also appreciate the cost-saving benefits of the new arrangement. Still, I cannot help but remember that a year ago an external hard drive went missing at HRSDC, and 583,000 people were affected by the resulting data privacy breach.

Can you walk me through the privacy parameters in place to protect people's data a bit more and how those parameters have improved since the data breach occurred last year?

**Mr. Atiq Rahman (Director, Learning Branch, Department of Human Resources and Skills Development):** I can only speak to the changes that are being proposed here. To the extent that we will be collecting information from Canadians, any information that the Government of Canada will be collecting under these initiatives will be stored in a secure electronic database, only accessible by authorized individuals. We will make sure that the Privacy Act, the Access to Information Act and part 4 of the Human Resources and Skills Development Act are applied properly.

We can ensure that we will take the necessary steps. Beyond that, I am not in a position to address the other aspect of your question.

**The Chair:** That's the end of your seven minutes.

We'll move on to the government side and Mr. Armstrong.

**Mr. Scott Armstrong (Cumberland—Colchester—Musquodoboit Valley, CPC):** Thank you very much, Mr. Chair.

Thank you all for coming this afternoon. It's much appreciated.

I'm going to focus my questions on the Canada student loans program. Youth from across the country have been approaching the government and our officials to use more modern ways in the application process for this.

Could you walk us through what the current process is and how the changes we're making are going to improve that system?

**Mr. Atiq Rahman:** Thank you for your question.

These initiatives will modernize the delivery of the Canada student loans program and improve the process for CSLP clients.

Right now when students apply for their student loans and grants, they can do so online electronically, but before they receive their assistance they have to do a number of things. First they have to present themselves at a Canada Post outlet to have their identity verified. They have to go to a Canada Post outlet and show a document such as a driver's licence or passport, and that's how the identity verification is done right now.

That will no longer apply. They will not have to go to a Canada Post outlet; they will be able to do so electronically. That will be one improvement.

The second thing is that before they get their money, they have to print a student loan agreement. It's a loan, so they have to sign a loan agreement. They have to sign it physically and mail in the paper loan agreement, as of now.

That will not be the case any longer. They will be able to log into their account and sign the student loan agreement electronically there.

Those are the improvements we will be implementing under these initiatives.

● (1545)

**Mr. Scott Armstrong:** What about the banking side? Isn't the money now going to be transferred electronically by direct deposit? Can you go into that a little bit?

**Mr. Atiq Rahman:** Right now actually, the majority of the Canada student loan clients receive their money electronically anyway. It's deposited into their account, and we'll continue to do that. More than 90% of our clients receive their money electronically deposited into their bank account now.

**Mr. Scott Armstrong:** These changes you are making will be welcome news to our students across the country. Many times they are in different cities. They have moved from home, and many times it's their first time away. They may not even know where the local post office is. Sometimes they don't have the ID they need.

Do you think this will really streamline things and in fact make things a lot easier for them? Aren't you more used to communicating and executing things online anyway? I know most universities now have a totally online application process. Don't you think this brings an almost archaic system in line with today's ability to use the Internet and use electronic means of verification?

**Mr. Atiq Rahman:** Thank you very much for pointing that out.

Our clients are actually very tech savvy. Most of our clients are young, and it is also very true that in certain areas, in remote areas in particular, students often have difficulty finding a Canada Post outlet, to go there and verify their identities. We have heard that from time to time, and absolutely, these measures will make it easier for all our clients to get their money in their bank account on time so they can start school without having to worry about whether they are receiving their money on time or not.

**Mr. Scott Armstrong:** Correct me if I'm wrong. This is administered by a third-party contractor. I believe that contract comes up sometime in the spring. If this legislation is passed before Christmas, does that give us enough time to put these requirements in when we tender that contract out?

**Mr. Atiq Rahman:** Exactly. That will be a very good situation for us. We would not actually incur any cost to implement these initiatives, because we will be going out for a tender for a new contract, and the request for proposals will be going out sometime next year. So if this legislation is passed, these initiatives would become part of the next contract.

**Mr. Scott Armstrong:** So it makes sense that this would be attached to the budget implementation act, because it would save the government money in the long run. If we tried to implement this sometime in the spring, or tried to bring legislation at some later time, we would have to open that contract up again for it to take place almost immediately. Is that accurate?

**Mr. Atiq Rahman:** That is very true. The timing has been very good for us. Yes.

**Mr. Scott Armstrong:** Again, with direct deposits, when did the Government of Canada start doing direct deposits for its Canada student loans, roughly?

**Mr. Atiq Rahman:** I'm not exactly sure about the timing. The Government of Canada started providing loans and grants directly in 2000. Before that, the money went through the banks. To the extent I know, when we introduced direct depositing in 2000, many of our clients did not want to receive money online, but more and more of our clients have been receiving their money via electronic direct deposit. Right now, as I said, it's a big majority of our clients.

**Mr. Scott Armstrong:** I think it's almost at 90% who are getting direct deposits. Growing that system, as we climb and get closer to 100% have there been any issues, problems, or complaints about how that system is working?

**Mr. Atiq Rahman:** No.

**Mr. Scott Armstrong:** How much do you anticipate the students' wait times are going to be reduced because of the new system we put in place? I hear complaints from students that from the time they apply to the time they get their money there is a bit of wait time. It causes difficulty for many students, particularly low-income

students, in paying their tuition on time. Do you think this system is going to streamline things enough to end that problem?

**Mr. Atiq Rahman:** Yes, it will. Together with other measures that we have been implementing since 2009 the students have already started receiving their money a little earlier. This will make it even easier.

Our intent is that by the time classes start students should have their money in their bank account.

• (1550)

**Mr. Scott Armstrong:** I think that would be welcome news for students across the country. I think one of the requests from student groups is that we find a way to streamline this to stop that gap.

Many students worry because they are in school, going to classes, have their meal plan, and are not sure if their loan is going to be approved. So this process will streamline that and probably also make it easier to detect any problems with the loan application and get back to the students earlier if there is some issue or if they're missing required documents, or that sort of thing.

Do you anticipate that will help that problem as well?

**Mr. Atiq Rahman:** Exactly. So now it will take much less time to correct any error in documentation. Absolutely.

**Mr. Scott Armstrong:** Thank you very much.

Thank you, Mr. Chair.

**The Chair:** We'll move on to Mr. Cuzner.

**Mr. Rodger Cuzner (Cape Breton—Canso, Lib.):** Mr. Chair, let me first thank both the government and the official opposition for inviting me to take part in the first round of questioning. I appreciate this kinder, gentler approach. I know it was on division, but nonetheless I appreciate it.

I thank the witnesses for being here today.

Coming off the focus of Scott's questioning, I think students are more enabled to embrace technology. Obviously they're far more comfortable with it. Again, I think this will probably be of help. But usually there's some kind of cost savings associated with a move toward this.

I remember being in Fisheries and Oceans and all the moneys that were going to be saved when we closed lighthouses and went with navigational aids, only to realize that the navigational aids have to be maintained as well. There weren't a lot of savings.

Does the department see cost savings here? Can you arrive at a number?

**Mr. Atiq Rahman:** Yes, we estimate that the Government of Canada will be saving about \$9 million to \$10 million per year from these initiatives.

**Mr. Rodger Cuzner:** Again, when you look at groups that are able to embrace the technology.... For example, with Veterans Affairs' offices being closed and veterans being asked to get into mobile device applications and that kind of stuff, they're not as readily positioned to embrace the technology. We can also look at what took place with EI processing where 600 jobs were cut as we tried to walk our way through the investments in technology. When the technology worked well, when the square peg went in the square hole, and the round peg went into the round hole, you were getting the cheque within 21 days. That was good, but if anything was out of line that application was spit out, and it was not uncommon to see a wait of five, six, seven, or eight weeks.

Do you anticipate anything like that with this particular system?

**Mr. Atiq Rahman:** First of all, this will not be a mandatory system. So anyone who wants to use a paperless system can.

We consulted student groups before we proposed this.

**Mr. Rodger Cuzner:** Is there a reduction in staff with processing?

**Mr. Atiq Rahman:** No.

**Mr. Rodger Cuzner:** It's wise now to take that approach of having no reduction in staff.

I would think the business community would be more comfortable as well with the processing of temporary foreign workers. Have business groups been calling for the processing of temporary foreign workers, less paper, more...?

**Mr. Alexis Conrad:** Yes, definitely. We've heard from employers for months and months that they like an online system we were piloting.

We have issues now because there are some parts of the application process that we can't put online, such as electronic payment, for example. Employers struggle when they can't do the whole thing online. When they can, they're fully supportive. It makes their life a lot easier. They simply put the information online. They also know that at our end we save a lot of time, because rather than having someone manually put that information into the system, it appears on the screen and is already in sync with our foreign workers system.

Obviously from our perspective it's an efficiency gain, and one of the things we've heard from employers is that they don't like our processing times. They want faster service. This is an important step in terms of clearing out a blockage in the processing system in order to let us be more efficient and respond to them.

•(1555)

**Mr. Rodger Cuzner:** You're not looking at any staff reductions within those departments currently, though, as you get the system ready and move toward a more automated system? I think what happened with EI processing was the fact that they let the people go, they let the bodies go, before they were up and running, and the education process took place with the users. That's to my mind.

**Mr. Alexis Conrad:** I can't speak to the EI side of things. I can say that we have looked at this proposal around the electronic administration of the program largely from an efficiency perspective. There are any number of inefficiencies in the current processing, including, for example, employers who sometimes fax an application three times because they're not sure that we got the fax the first couple of times. Or if they need to update one form, they send in the whole package again.

**Mr. Rodger Cuzner:** Yes, but within the department, you're not seeing any staff reductions?

**Mr. Alexis Conrad:** Our focus has been strictly on finding efficiencies to streamline the processing system so that we can get the same or better outcomes with a faster process.

**Mr. Rodger Cuzner:** Okay.

I'm okay, Mr. Chair.

**The Chair:** Thank you, Mr. Cuzner.

Members, that ends the seven-minute rounds.

We'll move on to Monsieur Boulerice for the next round.

You have five minutes.

[*Translation*]

**Mr. Alexandre Boulerice (Rosemont—La Petite-Patrie, NDP):** Thank you very much, Mr. Chair.

I want to thank all the witnesses for coming here today to answer our questions. That is greatly appreciated. You can provide some extremely concrete clarifications about the amendments you are proposing to improve services to the public.

I have a few very simple questions to begin with. Will the department change its structure?

**Ms. Catherine Allison:** Owing to the name change?

**Mr. Alexandre Boulerice:** Yes.

**Ms. Catherine Allison:** No.

**Mr. Alexandre Boulerice:** Will the department add a new directorate?

**Ms. Catherine Allison:** No.

**Mr. Alexandre Boulerice:** Will the department have a new program?

**Ms. Catherine Allison:** I cannot discuss all that, as things change. For the time being, only the name is changing.

**Mr. Alexandre Boulerice:** Will the worker training still focus on skills development?

**Ms. Catherine Allison:** As I said, the department's mandate and programs are not changing.

**Mr. Alexandre Boulerice:** If the mandate and programs are not changing, why is the department changing its name?

**Ms. Catherine Allison:** A decision was made to change its name, but its mandate will remain the same.

**Mr. Alexandre Boulerice:** I am looking at this from the point of view of taxpayers who are telling themselves that the Department of Human Resources and Skills Development will continue to take care of human resources and skills development, but that it will no longer have the same name, for no specific reason.

The cost of changing the department's name is already up to \$42,000. How much do you think the final cost will be?

[English]

**The Chair:** I'll just remind the witnesses that, as you well know, there are certain questions being proposed here that are perhaps out of your hands in terms making a response.

I'll remind members around the table, please, that our witnesses are here to testify about aspects of the legislation we're looking at and its clauses, and not to be speculating about or defending decisions made at the political level.

[Translation]

**Ms. Catherine Allison:** Regarding costs, as I said, that will be part of ongoing activities. Funding will be transferred from another area. Therefore, these are not new costs.

**Mr. Alexandre Boulerice:** So you have a transition period to go from the old name to the new name. Isn't there a risk of creating confusion for some people, given that, unless I am mistaken, the two names will coexist for a period of time?

• (1600)

**Ms. Catherine Allison:** When people need services, they contact Service Canada. In a way, that's the face of the department.

I don't think this will be an issue for the general public.

[English]

However, I would be speculating, in that case.

**Mr. Alexandre Boulerice:** Don't go there.

[Translation]

How much time do I have left?

[English]

**The Chair:** You have about one and a half minutes.

[Translation]

**Mr. Alexandre Boulerice:** Changes are being made. I think that everyone can appreciate some of them, such as the possibility to submit more applications online. This is 2013, the Internet age. Most

people do their banking transactions and pay their credit cards online.

However, when it comes to students issues, anything that has to do with identity theft is a concern for me. That's unfortunately an increasingly prevalent phenomenon. Some defrauders take an imprint of an ATM card or steal other very important information. It's nice to be able to offer students an online service that may ultimately cost less.

What measures have you introduced to avoid identity theft and fraudulent applications?

**Mr. Atiq Rahman:** Thank you for your question. If that's okay with you, I will answer it in English.

[English]

We have been looking at different solutions that are available in the marketplace for identity verification. Many of the financial institutions have been moving in that direction. The way they have been doing it is that, when the identity is verified on line, they ask the student or the applicant a number of questions that only that particular individual is expected to know, in order to minimize the risk.

We'll take all the necessary steps. We'll find the solution that best suits our need. We are exploring those options right now.

**The Chair:** Thank you for your answer.

We're going to move on now to Mrs. McLeod.

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

Thank you to the officials. Hopefully, over the next couple of years, this is just one of a number of times we're going to have the opportunity to chat.

I want to just make a quick comment on the name change. Certainly when many of us look at Human Resources, we think of it as the department that takes care of the internal workings of an organization. So to me, ESDC is a much more fulsome description of what the department is and what it does, as opposed to that confusion where people might think it's just the department that takes care of the federal government's employee services and benefits. Certainly, that's what many people perceive Human Resources to be. That's just a comment.

As I read through it, it was a bit of a puzzle to me. As we're modernizing and we're looking at electronic options, I was actually quite surprised that it requires legislation. Could you maybe talk a little about why it actually needs a legislative change? Many people modernize their ability to electronically interact, but they don't need legislative changes to do that.

**Mr. Atiq Rahman:** This is based on our consultations with our legal services. For a student loan agreement, for example, if it is contested in a court of law, their advice to us—to ensure that the loan agreement is considered a valid loan agreement—was that it might not only be useful but also perhaps necessary to have it specified in the legislation that the Government of Canada can enter into agreements electronically. Then that kind of agreement would stand up in a court of law. If not, they were not sure whether or not that would be the case.

**Mrs. Cathy McLeod:** On the Salaries Act, I guess that is more definitive in terms of the legislative structure. Would anyone care to talk about the name changes and the legislation that surrounds that piece?

• (1605)

**Mr. David Dendooven (Director of Strategic Policy, Machinery of Government, Privy Council Office):** The Salaries Act, of course, enumerates all of the ministers in cabinet. Therefore, if we are changing the name of the department, we need to change the name in the Salaries Act as well, the name of the minister for whom he is responsible.

**Mrs. Cathy McLeod:** Of course, in this case, we also have the additional minister who needs to be identified. Is that...?

**Mr. David Dendooven:** Yes. So additionally, we are modifying the Salaries Act as well to reflect the name of a new minister. So that was added as well. We took the opportunity to change the Salaries Act, to change it at this time as well, through the BIA.

**Mrs. Cathy McLeod:** My next question focuses in on temporary foreign workers and how you can do a comparison. Let's say I'm an employer in Sun Peaks and I need to hire a ski patroller from Europe for the winter season. There's no one in Canada. Can you talk about how it used to be and how it's going to be with the new changes?

**Mr. Alexis Conrad:** The process itself and the tools that the department uses to assess the labour market impact of a temporary foreign worker coming to the country, and whether Canadians are available who could and should be available to do the work, won't change. It's a transition from a very, very heavily paper-based process, in which we literally get millions of pieces of paper a year in our processing office, to allow us to offer the service online—and all aspects of the service.

For employers who provide the complete application and have gone through the necessary steps to try to find Canadians to do a job, whether it's the ski patrol or another occupation, if they can prove that they've gone through those steps and our labour market information demonstrates that there is a shortage of workers, they should in theory get faster service. That's the advantage.

In some occupations where they're seasonal or where things move very quickly, then this is an efficiency gain that I think will reap immediate dividends. But nothing about this change will change in any respect the tools and the process that we put employers through to verify that a foreign worker can come into Canada to work.

**The Chair:** Thank you for that.

Now we move back to Madam Sims.

**Ms. Jinny Jogindera Sims:** Thank you, Mr. Chair.

I really want to say how much we appreciate the fact that you've come here to answer our questions. I also think that with some of the questions we have, it would almost have been better to have had the minister here as well, in order to get responses to some of them. I don't mean to put you in an awkward situation. I know that you will tell us what you can say and what you cannot.

For me, I'm sitting here, and we have two hours with you, or an hour and 45 minutes, which we really appreciate—it's great to have you here—to talk about some technical changes that are not that huge. You can only keep asking questions in so many different ways. After I've heard the last three people, it has sort of narrowed it.

So let me get it right. We're having a name change. Nothing is changing in the structure or in the workings therein. We don't know the full cost yet.

But the mandate and programs are not changing per se, so I want to move on the temporary foreign worker program next—I don't know which one of you is going to take that one—by way of its move to eliminate the physical signature in exchange for an electronic form. I know I'm hearing that we're going to put all these checks and balances in place, but sometimes, Mr. Chair, I wouldn't mind having somebody here to explain to us what those checks and balances are that are going to be different from what we already do, to ensure that the same kind of breach doesn't happen that happened last year, which was very disconcerting for many Canadians.

Until this summer, I actually had the privilege of being a critic for immigration. This whole file of the temporary foreign workers has been close and dear to my heart. I'm not a stranger to the workings of it. In my perception, there are many flaws with the program.

Don't get me wrong. We're not saying that the program should be eliminated. We have never said that. We do support a temporary foreign worker program that is there to meet the genuine needs in a skills shortage where no Canadian is available. With that understanding and knowing that there are many flaws, it seems to me that there's a lot more to be fixed in this program than getting an electronic signature and just the bureaucracy of it all.

Labour market opinions are the tools that underpin the entire program. We know that unless somebody has an LMO in their hand, they can't go out and get a temporary foreign worker. If the government does not get the LMOs right, the whole program suffers; last spring, it was with the banks, and before that it was with HD Mining. I could sit here and give you millions of cases, but I'm not going to.

The unemployment and job vacancy numbers across Canada indicate that there are more people out of work than there are jobs and that positive LMOs continue to be issued. So the key question remains: how can we know that LMOs are being administered competently so as to provide Canada's unemployed with access to work? I don't see an electronic signature being able to do the enforcement, which is where we're at.

What does digital enforcement of the TFW program look like? What safeguards exist? Will there be both monitoring and reporting so that we know the program is not subject to the old abuses?

I suppose that I could think of about six or seven amendments to the LMO area that are not before us, but what I do see once again is electronic signatures. It's a new digital age; I'm not opposed to that per se. But once again it seems that we're just rearranging the chairs on the deck instead of dealing with the substantive issue of how we prevent abuse of this program when we know that this abuse exists. There is nothing in here about enforcement.

• (1610)

**The Chair:** Do any of you wish to respond to that? You have about 10 seconds. I'll give you some latitude.

**Mr. Alexis Conrad:** These amendments are strictly about transitioning the program from a very paper-based system to online. That's the scope of what they are. I'm not going to say that it's otherwise.

I will say, though, that as far as program integrity and compliance go, when an employer is registered on an online system, when they have an account and use the same account over and over again, and they fill in the information and don't have to send in a form that they've filled out which is then taken by an official who inputs it into the system, it does reduce the chance of error, and it does allow us to....

Employers will send in slightly different names. In the system, when they input a different name every time, we have to go through it and verify that every one is the same company.

This program has the advantage of having the same set of credentials and the same information for the same employer every time, which I'm not going to oversell but which I think is an important part in helping us to ensure that employers are who they say they are and that we know everything about them and their usage of our program.

**The Chair:** Thank you.

Now we'll move on to Mr. Shory.

**Mr. Devinder Shory (Calgary Northeast, CPC):** Thank you, Mr. Chair.

Thank you to the witnesses for coming here and answering our questions, because you are here to help us by answering the questions. I'll try to keep my commentary as short as I can and will put forward the questions.

Following up on the temporary foreign worker program, my first question will be about how these changes will affect the TFW or the TFWP. In making the process electronic, how will this impact the efficiency of the program? What can program users expect to see done differently under the new program?

• (1615)

**Mr. Alexis Conrad:** As we talked about a bit before, as far as the processing goes, what it does is reduce a step in the current process by which an employer sends in a labour market opinion application.

Someone has to literally take it off the fax machine, verify that it's complete, take the information, and manually input it into the foreign worker system. At that point, they can process the payment that's been sent with it. That's a fairly time-consuming process, and errors can happen along the way.

We obviously have systems to ensure that doesn't continue, but from an efficiency perspective, we think that reducing not just the paper but the amount of time that someone uses to actually take the information from paper and input it into an electronic system, multiplied by the tens of thousands of labour market opinion applications we get a year, is a significant efficiency saving. It's something that, as we've heard from employers and from anyone involved in this process, is a useful step, because we're essentially trying to cut out part of the process that is a large burden on us and slows down processing.

As far as the program goes, I think it's a boost. I think the part 6 amendments are consistent across the department and represent an important departmental approach in managing this business. From the foreign worker program side, I think it's a benefit. There are savings that are important for government and important for the users of our program, and that, effectively, from my perspective, has only an upside.

**Mr. Devinder Shory:** So hopefully...is it right to assume that it will save some time as well, that it will shorten some time?

**Mr. Alexis Conrad:** It certainly does. It saves the time used when someone has to take paper off a fax machine or from the mailroom, verify that it's complete, and manually enter a lot of that information in the foreign worker system. Because the system, as it currently is set up and as we enhance it, won't let an employer submit an application unless it's actually complete.

**Mr. Devinder Shory:** Thank you.

Ms. Sims talked about some abuse of the program, and I certainly agree with her that there have been a few—

**Ms. Jinny Jogindera Sims:** Let me get a recorder.

**Voices:** Oh, oh!

**Ms. Jinny Jogindera Sims:** Oh, I forgot. It is being recorded.

**Mr. Devinder Shory:** It's in the committee Hansard.

Certainly there have been a few issues, and our government has tightened some of the rules to ensure that the system operates on a level playing field for everyone. How do the proposed changes help us ensure that compliance in the program and that level playing field?

**Mr. Alexis Conrad:** As I said, from a simple perspective where there is reduced error, or we always have the same information from an employer, it's an important tool for compliance. We can actually make sure that all the information is consistent.

The large part of this effort is around the front-end processing and actually getting at and finding the efficiencies rather than something that's directly designed to increase compliance. But I think it does have some really important residual impact on our compliance.

**Mr. Devinder Shory:** In response to Mr. Cuzner's question, you mentioned a saving of \$8 million or \$9 million. Are you referring to one program, the student loans program, or does it include the temporary foreign worker program as well?

**Mr. Atiq Rahman:** It's only with regard to the student loans program.

**Mr. Devinder Shory:** Approximately how much would be in both programs?

**Mr. Alexis Conrad:** At this point, we haven't actually quantified what the savings are. To be honest, from a processing perspective, a lot of the time the savings are in time and the number of applications we can process in a given year, or that one officer can, rather than a quantified savings.

**The Chair:** Thank you.

The next questioner is Monsieur Boulерice.

[*Translation*]

**Mr. Alexandre Boulерice:** Thank you very much, Mr. Chair.

Earlier, you said that, when it comes to the security of personal information, privacy protection and identity theft, you were looking at what was available and what the options were. Your answer led me to believe that you were shopping around and looking at what was on the market.

Are you looking at what tools and expertise are available in the federal public service, or are you rather shopping externally for new tools and software? If so, could you tell me how much that could cost?

• (1620)

[*English*]

**Mr. Atiq Rahman:** We are looking at the solutions that our department actually has in place, but we have not come to any conclusion. We are looking at what kinds of solutions are available

in the marketplace. Right now we don't really have any particular solution in mind.

I should add that our program is delivered through a third party service provider in the private sector. Part of these initiatives will be implemented through them. It is possible, depending on how the systems work and interact, that we will be able to leverage the system that the Government of Canada already has in place. The service provider can tap into that system. If that works, that will be great.

But I'm not a technical person, so I can't add any more than that.

[*Translation*]

**Mr. Alexandre Boulерice:** I like that approach. It's a good one.

You also said that the changes made could generate savings of \$9 million to \$10 million. That would be great. However, how did you come up with that figure? What assessment did you use?

[*English*]

**Mr. Atiq Rahman:** These are our preliminary estimates, based on tasks that we will no longer have to do.

For example, when students go to Canada Post and it verifies their identity, we have a contract with Canada Post for doing that, under which we pay them, I think, between \$2 million to \$3 million a year. At the same time, we will be eliminating much of the paper-based communications that we have right now, which cost us quite a bit of money, too.

Those are the things we will be able to eliminate, giving us that preliminary estimate of about \$9 million to \$10 million.

[*Translation*]

**Mr. Alexandre Boulерice:** I would like to come back to the Temporary Foreign Worker Program. I will try to ask a question that is as technical as possible. We could have a political discussion, but that's not why you are here.

A number of Montreal airline pilots are very worried. They sometimes have a hard time keeping their job with Canadian companies or being rehired by them. They are often replaced by foreign pilots, especially American, English or German ones.

I should explain that, when pilots obtain their licence, they become general pilots. Then they have to be trained specifically for each type of airplane. An Airbus pilot who wants to fly a Boeing aircraft must first undergo new training. However, that's rather costly—\$20,000 or \$30,000.

Over the years, it has become clear that some companies preferred not to train their Quebecer or Canadian pilots and were bringing in other pilots from abroad instead. Their excuse was that no pilots were available to fly a specific type of airplane, and that this way, they would save on training costs.

I am talking about Canadian workers who are already qualified. What kind of training is offered to those pilots to help them continue working here, instead of being replaced by foreigners?

**Mr. Alexis Conrad:** Thank you.

[*English*]

Without drifting too far from where we are, I would say that the issue of foreign pilots is something that has been in the news. It's always something that's out there.

I would say that we have worked very closely with various companies. Obviously I can't get into the details of specific company information, but we probably all know which companies we're talking about. We're worked very closely with the companies for them to put in a plan to reduce their reliance on foreign pilots. They've shown good results. We are using the program to work with them to get commitments so they can transition to a Canadian workforce over time.

• (1625)

**The Chair:** Thank you, Mr. Conrad. That was a good, solid answer.

Now we'll move on to Mr. Butt for five minutes.

**Mr. Brad Butt (Mississauga—Streetsville, CPC):** I think we were going to finish, weren't we? Wasn't that the agreement?

**The Chair:** Well, my list shows you as our last speaker, but if we have consent from the—

**Mr. Brad Butt:** Mr. Daniel has a couple of questions, so I'll be more than happy to pass this on to him.

**The Chair:** Mr. Daniel.

**Mr. Joe Daniel (Don Valley East, CPC):** Thank you, Chair.

Thank you, witnesses, for being here.

To answer the question of Mr. Boulerice, the temporary pilots are only for wet-leased aircraft, for specific reasons, and not for the general application of that.

But as for my question, we've recently seen some interesting stuff happening in the U.S. with the software they've had for their Obamacare system, which failed miserably once they released it, so my question is a bit more of a technical one.

What have you done to actually validate that the software is actually going to work and that it's going to work effectively? Have you been able to pilot it with people who are actually going to use it to say "yes, this is how we feel about the software"? How do you validate all of that and make sure that when you actually open the floodgates on this it's not going to collapse in a heap?

**Mr. Atiq Rahman:** Yes, we have been following that story down there.

I can speak to the Canada student loans program and how this will work. We do have a significant number of clients. Close to a million students are in our portfolio, and more than 400,000 students apply every year.

As for what is likely to happen, as I mentioned earlier, the timing has been very good for us, in that there is a third-party service

provider that administers our program, and we will be going through a new request for proposals to hire a new contractor. The transition time from the current service provider to the new one will be significant. The new one may very well be the current one—we'll go through the regular bidding process. But we usually take more than a year to transition, to test every single technology that we'll be using to make sure that everything is working. We did that last time. We'll be doing it this time, too, to ensure that hopefully nothing goes wrong.

**Mr. Joe Daniel:** Coming back to the temporary foreign worker program that you're proposing on an electronic basis, will you be collecting data such as the performance of some of these requests so that you can see and identify... Several people from businesses in my riding have come to see me about that. They have worked very well on the LMO process, yet you're going through each application as if they had never applied before.

Are you going to be collecting statistics about good businesses that are using the system properly, so that when they apply you have a process that works properly? Are you collecting any other qualitative data that you might use to improve the performance of the systems you have?

That's two questions in one, I think.

**Mr. Alexis Conrad:** That's at least two questions.

Under the structure for the limited amount of service we have now, an employer registers to use the system and has an account. When they apply for labour market opinions, from that point on they apply through the same account. That gets away from a situation where every time they apply it's like a company we've never heard of before.

We have considerable amounts of quantitative and qualitative information on employers who use the program, their experience with the program, and the employers on whom we've done compliance reviews, and the results of those compliance reviews. As we move further and further into the more intense compliance activities, we'll get more of that information. And of course we use that information internally to determine where to do compliance reviews and what levels of scrutiny to bring to certain parts of the application.

Obviously when we have an employer that we know and has experience with the program and a complaint compliance record, we can track all their requests. This provides a different set of challenges from a company we've never heard of before that has no experience with our program, or potentially with any other program. So our program is quite sophisticated in how we manage that information and use it for risk purposes.

•(1630)

**Mr. Joe Daniel:** So you are able to do a quality check on the appropriate people and streamline the process for those folks? Is that the thing, or does every application become like a brand spanking new one?

**Mr. Alexis Conrad:** When someone applies for a labour market opinion now, we put everyone through the same basic test. We have a series of labour market factors that we're required to test on, and we do that.

There are differences in verifying the history and the identity of an employer we know about, compared to one we don't know, and we will apply a sterner test and dig out more information on an employer we don't know. Then we'll keep that information in the system so that the next time, we can cross-reference it and divide the resources more appropriately at that end. So there is a difference.

**The Chair:** That's the time. We're going to move on to the next questioner.

Monsieur Tremblay.

[*Translation*]

**Mr. Jonathan Tremblay (Montmorency—Charlevoix—Haute-Côte-Nord, NDP):** Thank you, Mr. Chair.

I also want to thank the four witnesses for joining us to answer our questions.

Electronic administration will apply to the Canada Pension Plan and the Employment Insurance Act. Will the whole processing operation be handled electronically? For instance, will all employment insurance applications be processed electronically? Is that part of the plan?

[*English*]

**Mr. Atiq Rahman:** As Alexis mentioned before, a number of the department's programs, including EI, received very similar authorities in 2012. The initiative being proposed here extends the same authorities to the Canada student loans program and the temporary foreign worker program. We do not have representatives from Employment Insurance here who can answer that question.

**The Chair:** Are you finished?

**Mr. Jonathan Tremblay:** Yes.

**The Chair:** Okay, I believe there's consensus at the table to end the questioning at this point. Seeing no opposition to that, I want to thank the witnesses for being here. In no way does the shortness of the meeting diminish the importance of your answers today. I appreciate them and thank you for coming.

We're going to suspend the meeting and go in camera, so anyone in the room who is not an MP with one assistant needs to vacate the room.

[*Proceedings continue in camera*]

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