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## **Standing Committee on Finance**

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**EVIDENCE**

**Tuesday, November 18, 2014**

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**Chair**

**Mr. James Rajotte**



## Standing Committee on Finance

Tuesday, November 18, 2014

• (0845)

[English]

**The Chair (Mr. James Rajotte (Edmonton—Leduc, CPC)):** I call this meeting to order.

This is meeting no. 58 of the Standing Committee on Finance. I want to welcome all of our guests here this morning.

Pursuant to the order of reference of Monday, November 3, 2014, we are continuing with 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.

We're very pleased to have with us here this morning seven witnesses: the Association of Canadian Port Authorities, President Wendy Zatylny; Canada Without Poverty, Ms. Michèle Biss; the Canadian Cancer Society, Ms. Janice Gray; the Canadian Centre for Policy Alternatives, Mr. David Macdonald; the Canadian Payments Association, Mr. Gerry Gaetz; the Heart and Stroke Foundation of Canada, Mr. Tom McAllister; and from the Library of Parliament, Mr. Mostafa Askari.

Welcome to everyone and thank you all for being with us here this morning. You each have five minutes maximum for your opening statement and then we'll have questions from members.

We'll begin with the Association of Canadian Port Authorities.

**Ms. Wendy Zatylny (President, Association of Canadian Port Authorities):** Thank you, Mr. Chair. Good morning, committee members.

Thank you for the opportunity to speak with you today. As you noted, sir, my name is Wendy Zatylny and I'm the president of the Association of Canadian Port Authorities, representing the 18 port authorities that make up Canada's national ports system.

In the next five minutes of time that I have, I'd like to speak to the valuable role that ports play in facilitating trade and creating jobs in communities across Canada. I'll also speak to changes to the Canada Marine Act, as proposed in division 16 in Bill C-43. Finally, I'd like to take a few minutes to highlight the prebudget recommendations that we submitted to committee members.

First, let me begin by setting some context. Expanded trade agreements between Canada and international partners are making our world smaller. Traditional trade patterns are changing and competition to carry and receive cargo is intensifying. Navigating this new environment effectively is crucial to Canada's economy and our standard of living. Canada's ports are critically important to

moving imports and exports around the world while creating jobs across Canada.

With 90% of everything that we buy and sell travelling by ship at some point in its life, maritime trade underpins the global economy. These are the goods that we depend on every day—cars, tools, resources, food, and medicines, to name just a few.

In total a combined 162 billion dollars' worth of goods are shipped or received through Canadian port authorities every year. Our ports handle nearly two-thirds of the country's waterborne cargo, contributing to job creation and economic growth and creating over 250,000 direct and indirect jobs that pay higher than average wages.

The expansion of port-based trade presents a remarkable opportunity for the Canadian economy. Trade agreements with Korea, the European Union, and other ongoing negotiations are creating new opportunities for Canadian businesses in key economic sectors.

However, we'll only be able to capitalize on this expanding global market through strengthened port facilities and improved supply chain efficiencies. It is for these reasons that we welcome the proposed changes to the Canada Marine Act.

The first amendment, respecting the treatment of federal real property, will provide administrative clarification that will enable Canadian port authorities to more effectively manage the potential acquisition of lands that support and fuel continued port growth.

The second amendment will help ensure greater regulatory oversight of port development projects by giving the federal government the ability to enact regulations that will provide additional safety and environmental protection measures. This can be done by referencing existing provincial regulations in areas where the federal government currently does not have jurisdiction.

Taken together, these amendments will further strengthen our ability to respond to current and projected trade needs as well as to create jobs and new economic development opportunities. But more still needs to be done. Canada is currently ranked 14th out of 155 countries when it comes to the quality and efficiency of our logistics infrastructure. In our view, 14th is simply not good enough for a G-7 country.

Our goal should be to break into the World Bank's top 10 in terms of supply chain efficiency and our prebudget submission calls for an intensified partnership with the Government of Canada to do just that. We have proposed working closer with Canada's trade commissioner service to develop a training program to better understand and utilize the value-add that is the national ports system. In a highly competitive and dynamic environment, speed and efficiency of cargo handling is key.

Our port authorities have invested intellectual and financial capital in working with supply chain partners to smooth out inefficiencies and speed cargo to its intended customers. This is an important facet of our global competitive advantage and should be reflected as such. It would also be beneficial to establish an interdepartmental working group to examine and resolve seemingly contradictory regulatory issues and barriers on a continuing basis, and finally we want to narrow the infrastructure gap that is preventing us from fully leveraging the benefits of Canada's trade agenda.

In a study conducted with Transport Canada we determined a \$5.3 billion funding gap exists in the amount of funds required to address both current and prospective port infrastructure needs. While port authorities are adept at creating multi-partner funding models, federal funding is nonetheless a critical component in ensuring many projects of strategic and national importance are able to proceed. While the Building Canada fund was helpful, a gap still exists. The time is now to pair Canada's 21st century trade agenda with 21st century transportation efficiencies. Our proposals will help position Canada as the world leader in transportation logistics.

Thank you again for the opportunity to speak with you today, and I look forward to your questions.

• (0850)

**The Chair:** Thank you very much for your presentation.

We'll now hear from Canada Without Poverty, please.

**Ms. Michèle Biss (Legal Education and Outreach Coordinator, Canada Without Poverty):** Good morning. Thank you for this opportunity and for inviting Canada Without Poverty to appear at these very important hearings.

I would like to provide some context as to why I am speaking on behalf of Canada Without Poverty today. CWP is a federally incorporated charitable organization dedicated to the elimination of poverty in Canada. Since our inception in 1971 as the National Anti-Poverty Organization we have been governed and guided by people with a direct, lived experience of poverty, whether in childhood or as adults.

Our constituents, our directors, and our supporters have all informed us that clauses 172 and 173 of Bill C-43 are of grave concern to them.

Our first concern is with respect to the role of the provinces. Clauses 172 and 173 of Bill C-43 erode a key national standard. They open the door for provinces to impose a minimum residency requirement before refugees can apply for social assistance, without any penalty on that province's CST payment.

The government has suggested that this is being done at the behest of the provinces, but quite frankly we know this to be false. For

example, an Ontario government spokesperson told a reporter that they did not want the provisions in clauses 172 and 173 and were concerned that "a waiting period could impact people with legitimate refugee claims who are truly in need" and that these concerns had been communicated to the federal government.

The government has also suggested that this arrangement would allow the provinces more flexibility in the administration of social assistance. The erosion of a national standard that protects the basic needs of a vulnerable group is unnecessary to grant the provinces flexibility. Provincial governments currently have the ability to administer social assistance in whatever way they see fit, as long as it remains available to vulnerable groups. It is our view that the government is hiding behind the provinces. What is in fact going on here is that the federal government is offering a financial incentive to provinces as a means of having provinces implement the government's ideologically driven policies towards refugees.

Our second concern is with the impact these clauses will have on a particularly vulnerable group. I encourage the members of this committee to stand in the shoes of a refugee.

Imagine you are a woman who has left her home in Africa—say, for example, in Sudan—after enduring persecution in the form of physical violence because of a perceived political affiliation. Imagine that you arrive in Canada, a baby in tow, your friends and family thousands of kilometres away. You make your refugee claim, and then what? You're suffering trauma. You're afraid. You're alone. You know little about Canadian society. You have no means to access basic necessities: food, housing, personal necessities. How are you expected to survive?

Women, children, and men who have sought the safety of a stable democracy will be forced to rely on already overburdened social services, such as emergency shelters, food banks, and churches, and will be forced to live on the street, all of which is equally if not more costly to provinces and municipalities. The provisions in this bill are overreaching and do not distinguish between non-legitimate refugee claims and refugees who are fleeing real persecution, like the woman I just mentioned.

Lastly and most importantly, if adopted, these provisions will contravene Canada's international human rights obligation to refrain from taking retrogressive measures. In other words, it is a violation of international human rights law for Canada to undermine the social protections that guarantee human rights. In this case, access for refugees is currently protected. By passing these provisions and taking away that standard, the federal government is permitting provinces to undermine that standard and deny social assistance on a discriminatory basis.

For these reasons we ask the committee to recommend that clauses 172 and 173 be struck from Bill C-43.

Canada Without Poverty is not alone in this call. I have with me an open letter signed by a coalition of 160 organizations that also assert that these provisions are a violation of human rights and must not be passed. I have attached this letter to my written comments.

I encourage members to reflect on how history will see this moment. Canadians pride themselves on our international reputation as a safe haven for refugees who are fleeing persecution, a community of compassionate individuals.

● (0855)

Let's not change that.

Thank you.

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

We'll now hear from the Canadian Cancer Society, please.

**Ms. Janice Gray (Manager, Lottery, Canadian Cancer Society):** Thank you, Mr. Chair and honourable members.

I'm pleased to be here on behalf of the Canadian Cancer Society to support Bill C-43 as it relates to the amendment that would allow us the use of computers to conduct and manage our lotteries.

Prior to joining the Canadian Cancer Society four years ago, I managed provincial lotteries for over 20 years at both the Ontario Lottery and Gaming Corporation and British Columbia Lottery Corporation. As I learned about the charitable lottery sector, I was shocked by the restrictions that disallowed the use of computers, based on a clause written in 1984. No one at that time could have predicted the pervasive use of computers in our everyday life and the extent to which we would rely on the efficiency and speed of doing business via the Internet.

Allowing charitable organizations to use computers and other modern technologies in their lottery sales, operations and draws, would increase our overall revenue dedicated to our mission work and improve customer service to the level our supporters expect. Every dollar saved on administrative costs is a dollar that goes to our life-saving work. We take very seriously our responsibility to keep our administrative costs at a minimum and manage our operations as efficiently as possible, so that we can distribute the maximum revenue to our various missions.

We also want to make sure that everything is as easy as possible for our customers, while minimizing our costs. I manage the lottery day to day, and it's very difficult to explain to a customer why we are unable to send their ticket or tax receipt by email, even though they ask us to. The time-consuming, costly and paper-heavy processes we

currently use make our organizations look outdated, not environmentally conscious, and inefficient overall. This does not instill confidence in our supporters and will make acquiring new, younger customers even more difficult in the future.

The changes proposed would impact our current process at numerous points in the transaction with the customer. Depending on the charity, the savings could be well over \$100,000 for only one lottery on even simply one of these touch points. Add in the cost for postage, labour, paper, etc., and the impact is significant. If you extrapolate that over all of the lotteries in the country, the savings are in the millions each year. This is money that could be used to enhance the lives of Canadians, with no cost to government or the taxpayer.

The net revenue from Canadian Cancer Society's lottery program goes directly to fund life-saving research into over 200 types of cancer. Since 2001, we have raised over \$65 million for cancer research from our lotteries. Today, we can only afford to fund about 25% of the approved research grants that are submitted. Every dollar saved through improved efficiencies means more funds for cancer research and moves us closer to a potential cure.

We would also like to express our thanks to the federal government for including this amendment in the budget, and ask that you please support the amendment and help us move into the next generation of charitable lotteries and the associated additional funds for the benefit of all Canadians.

Mr. Chair and honourable members, thank you for allowing me a platform to present on behalf of the Canadian charitable lottery sector. I'm happy to answer any questions you might have.

● (0900)

**The Chair:** Thank you very much for your presentation.

We'll now hear from the Canadian Centre for Policy Alternatives, please.

**Mr. David Macdonald (Senior Economist, Canadian Centre for Policy Alternatives):** Thank you, Mr. Chair, and I thank the members for the invitation to speak before the finance committee today.

I would like to confine my remarks to the small business job credit as proposed in the omnibus bill under discussion. I'm concerned that the credit is not optimally structured for the desired result. If the desired result is incentivizing small business toward job creation, the credit could actually be much better designed, and I'd like to suggest some changes to that credit today that would make it much more targeted so that hopefully it would have a much greater impact.

As presently constructed, the cost per job of this credit is quite high. In 2016 the cost per job created will be \$500,000 per job created. In 2015 it will be much higher, at \$1.4 million per job created, as estimated using the multipliers from Finance Canada and the Parliamentary Budget Office.

The cost per job is high for three reasons. First, the incentives are too small. Second, the targeting is poor, and third, there is a harsh cut-off at \$15,000 in EI contributions for businesses. These can be modified to better target the small business job credit such that it does create jobs.

First of all, the incentive for job creation is vanishingly small. Imagine a store, if you will, at your local mall that is running a winter promotion. If you spend \$100 on a winter coat, they will give you 39¢ back. This is an incredibly small incentive. It is an incentive but an incredibly small one. The reason it is so small, despite the fact the program is expensive at \$550 million over two years, is that the deadweight loss in the program is incredibly large. The credit is received by all small businesses, irrespective of action. Whether they hire employees, fire employees, or remain at the same employment levels, they still get the credit.

A better approach, I would suggest to members, is that businesses only receive this credit if their EI deductions and therefore their payroll is increased by some figure, say more than 2% from the previous year. That is to say businesses would explicitly have to take action to receive the credit. That is to say they would have to increase their payrolls, hire more people, or pay their present employees more. This could significantly increase the value of the benefit from 39¢ per \$100 to probably in the neighbourhood of \$20 to \$30 per \$100, creating a much greater incentive.

The program, as it's currently stated, is poorly targeted, because it is essentially targeted to microbusinesses. Three out of the four top categories of microbusinesses are small offices of professionals, that is to say consultants, other professionals, and doctors' offices, which have limited capacity for more hiring. These one-person firms would receive value under this credit that they would likely not use for new hiring.

My third concern is that there is a cliff created for this credit at \$15,000 of EI premiums paid. This, I would argue, is going to have unintended consequences. For instance, if a business has EI deductions of \$15,000 in 2015, they would get the maximum credit of \$2,200. However, if their have EI deductions of \$15,001 in 2015, they will get nothing. So one additional \$1 completely eliminates the credit.

This creates unintended consequences. If a business is below the cap, there is an incentive to remain below the cap to retain the credit and not expand. If the business is slightly above the cap, there is a strong incentive to in fact reduce payroll, either by laying employees off, cutting their hours, or cutting their pay in order to get slightly below the cap in order to retain the benefits of the program. This effect is actually seen in the small business tax rate for small corporations in Canada, where you see a higher blip of companies declaring slightly under the line in order to maintain the tax benefits.

I would argue that a better approach instead of a cliff at \$15,000 is to have a phase-out, which is common in most benefit programs of this type.

I'd also encourage members to better target this program toward areas of higher unemployment, for instance, toward youth, who have higher unemployment, as well as to encourage businesses to hire employees not exclusively at minimum wage, which is likely what would happen in this case, but instead at those making more than minimum wage.

On a final point, I'd like to remind members that given the economic multipliers, as published by Finance Canada in 2009, support for the unemployed actually has three to four times more job creation impact than decreasing EI premium changes, which is what's proposed for this job credit. Only two in five unemployed Canadians today can access the EI system and retain its benefits, so I would argue that a better use of this money could well be to standardize and decrease the minimum number of hours worked to access the EI system.

Thank you very much, members, for your attention. I look forward to your questions.

● (0905)

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

We'll now hear from the Canadian Payments Association.

**Mr. Gerry Gaetz (President and Chief Executive Officer, Canadian Payments Association):** Good morning.

I'm Gerry Gaetz, the president and CEO. I want to thank the committee for inviting the Canadian Payments Association to contribute to your study of Bill C-43.

I have a very brief opening statement to situate the Canadian Payments Association and to explain the relevance and importance of division 26 contained in the bill.

The Canadian Payments Association is Canada's main financial market infrastructure. We design and operate Canada's national clearing and settlement systems for payments. Financial institutions rely on our systems to settle with finality their daily payment clearing balances on the books of the Bank of Canada. Canadians, businesses, governments, and financial institutions count on our systems to clear and settle payments, such as cheques, preauthorized debits, direct deposits, bill payments, payments made at point of sale, and wire payments. Last year, the CPA cleared and settled \$44 trillion, or about \$170 billion on average every business day.

We're guided by public policy objectives of safety and soundness, efficiency, and the interests of users, including Canadians. These objectives are enshrined in the Canadian Payments Act. Financial institutions that are engaged in the business of payments are required to be members of the Canadian Payments Association, and they completely fund our operations. Today our membership stands at 113 financial institutions.

Our focus at the CPA is ensuring that these financial claims between member institutions can be settled efficiently and without risk. In addition to technical infrastructure, we develop rules and standards that, together with the Canadian Payments Act, provide a strong legal framework for the payments of today and tomorrow.

Bill C-43 introduces important amendments to the Canadian Payments Act and the Payment Clearing and Settlement Act. Amendments to the Canadian Payments Act in particular bring about changes to the governance of the CPA. We believe that they will enhance the governance, overall functioning, and accountability of the CPA, thereby helping us to better fulfill our forward-looking strategy for the continued modernization of what is already a strong financial system and payment system in Canada.

The CPA has been fully engaged in the process leading up to the drafting and tabling of the amendments. Let me highlight a few of the key changes. A smaller, more independent board of directors will support a broader, more inclusive representation of the payments ecosystem. The Minister of Finance will retain the power to disapprove rules made by the CPA, but the bylaw approval process has been made more efficient with a new category of administrative bylaws that require only CPA board approval rather than the current practice of requiring ministerial approval. As well, the act will contain a new accountability framework, including a five-year corporate plan approved by the Minister of Finance, an annual report, and directive power for the minister.

Since the first reading of Bill C-43 in the House on October 23, we've had a chance to examine the provisions in more detail and discuss next steps with the Department of Finance, particularly around the drafting of the regulations. I'd like to highlight a couple of important areas with respect to those regulations.

One area is that we believe the regulations should specify a timely process for the minister's approval of the CPA's annual submission. This is because the CPA operates systems and infrastructure critical to the day-to-day functioning of the financial system.

Finally, under the Canadian Payments Act, the minister has oversight and directive power over the CPA. Under the Payment Clearing and Settlement Act, the governor of the Bank of Canada has oversight over the CPA's systems. Under Bill C-43, this Bank of Canada oversight will be expanded to our second system's infrastructure, if the governor believes this to be in the public interest. It will be important to ensure that the potential duplication and oversight does not impede our ability to review rules and make changes required to respond to the interests of users.

CPA is working diligently to ensure a speedy and smooth transition to this new governance framework, which we believe will help the CPA be more effective overall in achieving its mandate.

Thank you very much.

• (0910)

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

We'll now hear from the Heart and Stroke Foundation of Canada.

**Mr. Tom McAllister (Chief Executive Officer, Ontario, Heart and Stroke Foundation of Canada):** Thank you.

Mr. Chair, and honourable members, I am pleased to be here on behalf of the Heart and Stroke Foundation to address the positive developments in Bill C-43, particularly regarding the amendment to the Criminal Code that will now allow charities to use a computer to help run their lotteries. As you may be aware, the Heart and Stroke Foundation is a national volunteer-based charity supported by more than 140,000 volunteers and close to two million donors. The aim of the Heart and Stroke Foundation is to create healthy lives free of heart disease and stroke. We can do this through the advancement of research and the promotion of healthy living. Our lottery programs are a vital source of revenue to achieve our mission goals.

Despite an impressive 75% reduction in the death rate from heart disease and stroke over the last 60 years since our inception, every seven minutes, someone in Canada dies from one of these diseases. This is unacceptable, given that it amounts to 66,000 deaths each year. Heart disease and stroke are the leading cause of hospitalization and the second leading cause of death in Canada.

Major charities—we ourselves, the Canadian Cancer Society whom you've just heard from, and others such as SickKids Foundation, the Children's Hospital of Eastern Ontario, and the London Health Sciences—had requested that Budget 2014 include an amendment to paragraph 207(4)(c) of the Criminal Code of Canada. Through our collective efforts and discussions with parliamentarians and officials, this change was included in the budget and announced in February 2014.

We are extremely pleased to see this inclusion in the BIA because of the positive benefits it brings to our ability to raise needed funds to advance our mission. We are very pleased that the amendment will now allow charitable organizations to use computers and other modern technologies in their lottery sales and operations as well as in draws.

The provincial gaming organizations have always been able to use computers and online technologies to run their lotteries. Conversely, because of an outdated Criminal Code restriction, until now charities had to rely on costly, labour-intensive, manual processes. This has come at the cost of our ability to efficiently and effectively reach the consumer, whose expectations, which understandably have been established by other industries and the growth of e-commerce, make the charitable sector processes and practices appear to be quite antiquated.

We are confident that the proposed changes will enable the sector to better demonstrate that we operate in the most effective and efficient way possible. The amendment will result, in our estimation, in savings of millions of dollars each year across all Canadian charities that run lotteries, through the ability to transact online and minimize our dependency on printing, mailing, and the associated risks of human error. This is money that can be redirected to the collective mission activities, to the benefit of all Canadians. In our case, it will afford us the potential to invest further in life-saving research and health promotion.

As you know, Canada's charitable sector plays an important role in enhancing Canadians' lives by conducting life-saving research, providing crucial social and community services, and undertaking important initiatives in such areas as health promotion, sports and recreation, and arts and culture. These organizations help Canadians address the numerous health, social, and economic challenges they face on a daily basis. Allowing charitable organizations to make better, more efficient use of their funds is in the best interest of all Canadians.

To this end, it is our hope that the provinces will move to allow this pending federal amendment to be adopted expeditiously. The federal government wants charities to find innovative solutions that will make them more efficient and sustainable. The federal government is also committed to removing any unnecessary red tape or regulations that impede these solutions. Making this amendment provides just such a solution.

By implementing this change, the federal government would significantly enhance Canada's research capacity, make charities more efficient, and encourage and support Canadians in their efforts to become and stay healthy. It will allow charities to conduct business in a manner increasingly expected by consumers; that is, online and in real time.

Mr. Chair, members of this committee, thank you for your time. I look forward to your questions and to the discussion with you in a few minutes.

Thank you.

● (0915)

**The Chair:** Thank you very much for your presentation.

We'll now hear from the assistant parliamentary budget officer, please.

**Mr. Mostafa Askari (Assistant Parliamentary Budget Officer, Economic and Fiscal Analysis, Library of Parliament):** Thank you.

Good morning, Chair, Vice-Chair, and members of the committee.

[Translation]

Thank you for the invitation to appear before the committee today.

I will make a few brief remarks to set the context for the questions that you may have regarding the small business job credit.

[English]

While PBO shares parliamentarians' concerns with the cost-effectiveness of the small business job credit in improving employment outcomes, I would like to stress the importance of the bigger picture.

This proposal and any proposal that would affect the premium rate paid by employers or employees acts against the legislation that has been established over recent years for the purpose of detaching the EI program from discretionary policy decisions and ensuring that the contributions from workers are used only for expenses of the EI program.

● (0920)

[Translation]

Following a number of interventions in the premium-rate setting process, in 2012, Bill C-38 provided for the premium rate to move to a 7-year break-even rate after the account came into balance. The Economic Action Plan Act, No. 2, 2013, Bill C-4, amended the Employment Insurance Act to freeze the EI premium rate at \$1.88 in 2014, 2015 and 2016. The policy announcement was accompanied by a report from the chief actuary updating the status of the EI operating account.

[English]

With the data in this report, PBO was able to show that barring a significant unexpected economic decline, a rate of 1.88 in 2015 and 2016 would be a premium rate increase compared to the rates that would have been set prior to Bill C-4, and that it would contribute considerable extra revenue to the budget outlook over the period of 2015-16 to 2016-17.

The PBO reported this in its fall economic and fiscal outlook update on October 25, 2013, and updated it in its October 2014 economic and fiscal update.

[Translation]

The government has never provided an explanation for why the premium rate is set well above the level required to eliminate the surplus in the EI operating account in 2015 and 2016 or why the break-even rate is not set immediately after the account goes into surplus in 2015. This is contrary to the government's stated objective of having a transparent premium-rate setting process.

[English]

It is important to underline that, given the requirement that the premium rate is set to balance the operating account over a seven-year period, any changes to the premium rate now must be offset by a change in the opposite direction later, and any impact that the rate change has on job creation today will be offset in the future. This applies to the small business job credit.

According to the PBO's estimate, this measure has a small temporary impact on the level of employment of 800 jobs in 2016, but this increase will be offset by a slightly higher than required EI premium rate for all employers and employees when the government sets the seven-year break-even rate in 2017 or earlier.

[Translation]

I am pleased to answer any questions you may have on this topic.

Thank you.

**The Chair:** Thank you kindly for your presentation.

[English]

We will move to members' questions.

To our witnesses, if you want to use your earpieces, I would recommend that, both for translation and for hearing in this room.

We will start with Mr. Rankin for seven minutes, please.

**Mr. Murray Rankin (Victoria, NDP):** Thank you, Chair.

Thank you to all of the witnesses for appearing this morning, bright and early. I appreciate your being here.

I'd like to ask, if I could, Mr. Macdonald, first, from the Canadian Centre for Policy Alternatives.... There was a lot of commonality between your presentation and that of Mr. Askari, the assistant parliamentary budget officer, but in a sense he went further. Your point, if I may summarize it, is that the small business job tax credit is inadequate. Its incentives are too small.

You had an alternative, which was to get people to use payroll numbers to administer the program, if we're going to go there, but you said in conclusion that we would have done a lot better in attaining the objective if we used greater support for employment insurance itself. I think you didn't complete that last thought. You didn't have time. Could you elaborate on why you think you'd have more impact with that recommendation than by using the small business job tax credit?

**Mr. David Macdonald:** Sure. Thank you very much for the question.

The argument to be made for support for unemployed people as opposed to support for decreases in EI premium changes comes from the economic multiplier numbers published by Finance Canada in the 2009 budget. Those Finance Canada numbers were used to estimate the stimulus impact of the measures in 2009-10.

If you compare the impact of spending \$1, for instance, on support for low-income individuals versus spending \$1 on EI premium changes—or reduction in EI premiums—you'll find that, depending on whether it's year one or year three, or how far out you go, in all cases the impact on spending that dollar on low-income Canadians is much greater than spending it on EI premium decreases. The ratio is about three to four times, depending on which timeframe you're looking at. That's the basis of those comments.

If members are interested in an EI premium change per se, and are not interested necessarily in expanding benefits for unemployed Canadians, the argument that I would make is that the program could be much better designed if instead of providing the incentive to all businesses, it only provided the incentive to businesses that increased their EI contributions from last year. That is to say, they expanded the amount that they paid into EI, which, by implication, means they're expanding their payroll either by hiring people or paying their employees more.

**Mr. Murray Rankin:** Mr. Askari, I found your presentation really stimulating. In your remarks you stressed the importance not just of the concern about the cost-effectiveness of the small business job credit—exactly what we heard from Mr. Macdonald, 39¢ for the \$100 coat was his analogy—but you went beyond that and said the bigger picture is that these proposals would affect the premium rate paid by employers or employees. It acts against legislation to detach the EI program from discretionary policy decisions. By that I guess you mean that the government's getting back into the discretionary policy decisions and not leaving the premium rate alone. Is that what I'm understanding? If so, why would that be done?

**Mr. Mostafa Askari:** The way that the program is structured is that as soon as there is an accumulated balance in the account, the rate is supposed to be set in a way that this balance disappears. The break-even rate over the seven-year period would maintain a

relatively stable premium rate and there wouldn't be any accumulative surplus or deficit in the account over that period.

What I meant by what I said was that any changes that you make to that account now, and the premium rate now.... As of right now the rate is frozen at 1.88 for 2015-16. That rate, based on our estimate, and Finance Canada's estimate, actually, is higher than what you need to balance the account. So that higher rate has to be offset in the future by a lower rate. If you reduce that rate now through a credit, for example, for a small business, essentially you will have to offset that in the future. So there is really no discretionary room in the account if you maintain the current legislation.

• (0925)

**Mr. Murray Rankin:** So you point out that the government has never provided an explanation for why the premium rate is set well above what's required, and then you go on to say that this is contrary to the government's stated objective of having a transparent premium rate-setting process. Why? Why would they act contrary to their objective of a transparent premium rate-setting process?

**Mr. Mostafa Askari:** This is a question that we have asked in the past. According to the Department of Finance's own numbers in the fiscal update, the account will be in surplus in 2015 and 2016. There is really no reason as far as the Employment Insurance Act is concerned to keep the rate at 1.88, because there is an accumulative surplus, so it can be reduced. So far we have not seen that plan to reduce the rate in 2015 and 2016, and we don't really know exactly what the reason or what the justification for that is.

**Mr. Murray Rankin:** There's been no policy justification advanced for keeping it higher than it needs to be.

**Mr. Mostafa Askari:** That's right. The only explanation that we have heard was for fiscal planning purposes, but we don't know exactly to what end.

**Mr. Murray Rankin:** Thank you.

I'd like to, in my last minute, go to Ms. Biss if I could.

We had a very compelling testimony from another group on the same issue yesterday, and we were engaged very much on both sides of the aisle. You talked about the program being “overreaching”. That was the word you used. Why did you use that expression?

**Ms. Michèle Biss:** Thank you very much for the question.

There are a few reasons why we would say that, but I'll focus on this reason. The provisions have been put forward by the government as a way to stop people who are illegitimate refugees or refugee claimants who might be unsuccessful. But the reality is that this bill is going to catch both individuals who will later be successful in their refugee claims and individuals who might not be successful in their claims. Basically it's a very large group of people we're looking at and it overreaches based on who will actually be caught by these sections.

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

We'll go to Mr. Keddy for seven minutes.

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

Welcome to our witnesses, a large group of witnesses here this morning.

My first question is for Mr. McAllister with the Heart and Stroke Foundation. First of all, thank you for the great work you folks do. That's a remarkable record, 75% decrease in deaths from heart and stroke.

You say that the provinces have the ability to use electronic tools now, but do all provinces and territories have that ability or is it only a portion of them?

**Mr. Tom McAllister:** Thank you very much for the question.

To the best of my knowledge, all of the provinces that operate provincial lotteries allow their provincial gaming corporations to use technology.

**Mr. Gerald Keddy:** So the Heart and Stroke Foundation has the ability then to work at the provincial and territorial level but not at the national level with the use of electronic tools.

**Mr. Tom McAllister:** The real key, if I could just back up a little bit, is that the original intention, based on discussions with people who were involved in developing the original legislation, was to prevent charities from getting into things like slot machines, video lottery terminals, and so on and so forth. The legislation was framed 30 years ago in order to preclude that outcome when the agreement was originally achieved between the federal government and the provincial governments in terms of how lotteries would be managed on a national basis. This is sort of a classic case of a law of unintended consequences. What they were trying to preclude 30 years ago were VLTs and slot machines, and charities getting into that.

Today it's blocking us from using computers for entirely legitimate means such as issuing tickets and random draws in terms of avoiding the costs and complexity associated with putting, literally, a million paper tokens into a big Lucite drum, turning it with a motor, and physically reaching in. It takes us 15 days to do our draw because we have to draw 75,000 tickets. We're just trying to sort of catch up with the 1990s, let alone 2014.

• (0930)

**Mr. Gerald Keddy:** We appreciate that. It is a great visual though.

**Mr. Tom McAllister:** Sir, I've been there and I would be happy to bring you by and give you an opportunity. You have to keep all your job prospects current these days.

**Mr. Gerald Keddy:** Janice Gray from the Canadian Cancer Society, you made a statement that it costs roughly \$100,000 to run a paper lottery.

**Ms. Janice Gray:** That's actually one—

**Mr. Gerald Keddy:** The savings of...sorry.

**Ms. Janice Gray:** That's one touch point in the whole process. There are about 10 different touch points where the use of modern technology and computers would absolutely change the lives of how we do this every day. I picked one process to say that one little touch point would be \$100,000 extrapolated across every lottery across the country. To Mr. McAllister's point, it's in the millions and millions of dollars of savings if we get this amendment. It's huge.

**Mr. Gerald Keddy:** Very good, thank you.

Ms. Zatylny, are all port authorities across Canada set up with the same system of governance?

**Ms. Wendy Zatylny:** Yes, sir, they are. They are set up to operate as extreme arm's-length organizations from the government. They each have independent boards of directors as well as an executive management team.

**Mr. Gerald Keddy:** The reason I ask is that I recognize the great job you folks do. Quite frankly sometimes the road and rail lengths to your ports are the weak link in the whole system.

However, why should a port authority have control if I happen to live on that port water and want to put a private wharf in to tie a boat up? I'm talking a recreational boat, like in the port of Halifax, for instance.

**Ms. Wendy Zatylny:** Well, sir, I think there are a number of issues that you are touching on in the question. Certainly with respect to port lands, the lands that are under the control of the port authority as described in their letters patent are theirs to manage for the benefits and purposes of managing a commercial multi-user port. The harbour master within that port authority has the responsibility by law to ensure the safety of the operations of both the commercial vessels coming into the port authority and also of recreational boaters who might be coming into that vicinity, so the decisions that are made with respect to what types of facilities can be attached to or built onto a port authority property are very much based on the lands that they control and the responsibility for ensuring safety.

**Mr. Gerald Keddy:** I appreciate the safety aspect of it, but in the large harbours are there no harbour authorities in the country that have private land in that harbour as well as land controlled by the harbour authorities?

**Ms. Wendy Zatylny:** Not that I'm aware of, sir. If it is controlled by the port authority, it is the port authority land.

**Mr. Gerald Keddy:** It goes a step further. If you're an independent business, and you're working in that harbour, it's not necessarily port authority land; it's private land. When you build a wharf to ship product from your company, that wharf then belongs to the port authority. Even though you paid for it, you're paying taxes to the port authority on it.

**Ms. Wendy Zatylny:** That depends on the individual agreement between the terminal operator, or the lessee in some cases, and the port authority.

**Mr. Gerald Keddy:** That was my original question. Is there some difference in governance or is there one system of governance for every port authority?

**Ms. Wendy Zatylny:** There's a single system of governance for the port authority. However, within each port authority there are individual arrangements and different arrangements with terminal operators and with individual businesses based on the business model of each port authority. Some port authorities completely operate their own terminals and their own wharves. Other port authorities will lease to an independent commercial operation, in which case that operation pays lease rates back to the port authority.

• (0935)

**Mr. Gerald Keddy:** Even if that operation privately built that facility with their own money?

**Ms. Wendy Zatylny:** If they're on port land, they would be leasing a part of that property.

**Mr. Gerald Keddy:** Thank you.

**The Chair:** Thank you, and thank you, Mr. Keddy.

Mr. Brison, please, you have seven minutes.

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

Mr. Askari, previously at finance committee we asked if you were able to find out how many businesses paid between \$14,000 and \$16,000 in EI premiums in 2013. Has a formal request been made to the PBO by the government for these figures?

**Mr. Mostafa Askari:** We asked the Department of Finance for the numbers and they provided the numbers to us. It's based on their estimates according to the data for 2012. There are 10,000 small businesses that fall in that category of \$14,000 to \$16,000 in EI payments. That's all the information that we got from Finance Canada.

**Hon. Scott Brison:** So it's about 10,000 small businesses. For the businesses in that category they would be very close to the threshold that would trigger the disincentive to hiring that is being cited by economists.

**Mr. Mostafa Askari:** Potentially.

**Hon. Scott Brison:** Thank you.

The government is citing the CFIB's numbers in terms of potential job creation, saying that this job credit will create 25,000 person-years of employment. Are you aware of any internal government analysis in addition to the CFIB analysis?

**Mr. Mostafa Askari:** No. We have not seen any estimates from the government.

**Hon. Scott Brison:** They haven't shared any analysis?

**Mr. Mostafa Askari:** No.

**Hon. Scott Brison:** Have you analyzed the CFIB numbers?

**Mr. Mostafa Askari:** We looked at what they have published on their website in terms of what methodology they used. They have used an estimate for pension premium changes that was, from my recollection, originally estimated by the University of Toronto. They have turned that into the number of jobs over a period of time, which is not specified in their publications. They are using a job-year as a measure of the job impact. That is, from my point of view, unusual because typically what we do to estimate the impact of the policy measure on jobs is to measure the impact on the job levels. That's what we have done in our publication. They're using person-year or job-year, which requires a period of time that the job has to stay there.

This job credit is a temporary job credit. Anything that is done now has to be offset by 2017 when the government sets the seven-year break-even rate. If there is no 10-year period, or a period beyond the two years, it's not clear to us how they came up with the 25,000 job-years.

**Hon. Scott Brison:** How many jobs has the PBO analysis determined this would likely create?

**Mr. Mostafa Askari:** Our estimate, based on the multipliers provided by the Department of Finance, is about 800 jobs in 2016.

**Hon. Scott Brison:** Thank you. Is that at an expenditure of \$550 million?

**Mr. Mostafa Askari:** Yes, \$550 million. That's right.

**Hon. Scott Brison:** That's \$700,000 per job.

Mr. Macdonald, on your web site you say, "Say you're a business just over the \$550,000 payroll cap. Why not just fire your summer student or cut back her hours to get yourself under the cap?" Have you done some analysis on how large this disincentive to growth would be, or how many businesses may be affected? Is it consistent with what Mr. Askari has referenced?

• (0940)

**Mr. David Macdonald:** Thank you for the question.

I assume that the numbers that Mr. Askari has received from Finance Canada are the accurate ones of businesses that are around the cap. Included is a strong disincentive to go over the cap if you were near the cap. If you're far enough away from the cap, it's probably neither here nor there.

I would encourage the member to take a look at the report that was attached to the tax expenditures and evaluation report that came out this spring that examined small business rates across Canada, both provincially and federally. I think what's quite clear is that the small business rate, which is unrelated to this EI small business job credit... However, what it does show is that businesses are very willing to change the profits that they declare to get just under the small business line in federal and provincial taxation.

So there's a clear incentive there, and you see a reaction to that incentive for small businesses to declare under \$500,000 in profits. I think you'd almost certainly see the same type of reaction to this cliff that would be implemented through the small business job credit, where you would see a bunching of companies that are declaring EI contributions of just under \$15,000, and you would see a disproportionate fall on the other side of that cliff that would probably correct itself after another \$1,000 or \$2,000 in EI contributions.

**Hon. Scott Brison:** According to a recent PBO report, the excess of EI taxes the government is charging over the next, I think, two years, will cost the economy 10,000 jobs. Have you done some analysis on the overall EI premiums and the impact on employment rendered by excess premiums?

**Mr. David Macdonald:** Well, it depends on how those premiums are spent, I suppose. If that money is put into a [*Technical difficulty—Editor*] there's obviously going to be a negative impact on the economy of higher-than-necessary EI—

**Hon. Scott Brison:** Or income splitting....

**Mr. David Macdonald:** Well, that's potentially another issue.

However, what I would encourage is for members to examine the fact that most Canadians who are unemployed cannot access the EI system. Instead of decreasing premiums, what we should be doing is increasing coverage rates on unemployed Canadians, the benefits of which are quite high. They're three or four times the amount that you'd see for EI premium changes.

Thank you.

**The Chair:** Okay, thank you. Thank you, Mr. Brison.

We'll go to Mr. Allen, please.

**Mr. Mike Allen (Tobique—Mactaquac, CPC):** Thank you very much, Mr. Chair, and thank you to our witnesses for being here.

I'd like to start with the Canadian Payments Association.

Mr. Gaetz, under the existing governance structure today, what do you see as the kind of major shortcomings in the existing governance structure, and specifically, how do you assess how that's going to improve things for the consumer? Do you see it improving things for the consumer in any way?

**Mr. Gerry Gaetz:** In today's governance structure, within the act and legislation, the CPA's board of directors is first chaired by the Bank of Canada and is majority-structured from members from financial institutions.

Today there are 16 board members, only three of which are independent board members. The new structure is important in that it is a smaller board, so a more efficient board of 13. It will be chaired by an independent member and will have six additional independent members, so it will be a majority independent board. I will also sit on the board as an ex officio member and we will retain five board positions from our members.

The notion is that it is a board that is more balanced. It is independent. It is a board that will be elected by the membership on a one vote per member basis, so in that sense, the size of the financial institution.... A large institution carries the same vote as a small institution. My belief is that this governance structure is more representative of the broader financial industry and from a payment standpoint will be reflective of some of the smaller and new entrants over time and the views thereof. Therefore, more efficient and majority independent are the key changes.

● (0945)

**Mr. Mike Allen:** I guess the logical follow on to that is that with more independents, consumers will be protected as will new companies coming on as well. Is that how that would help the consumer?

**Mr. Gerry Gaetz:** Right. From a consumer standpoint, there are two elements of our governance structure that are important. We have a stakeholder advisory council that reports directly to the board of directors, so it's a direct line to provide advice and guidance. It is made up of a broad set of stakeholders, importantly including consumer groups.

That is how we ensure that the voice of the consumer gets right to our board of directors and again, a board of directors that will now be majority independent of financial institutions. We think this has struck the right balance going forward.

**Mr. Mike Allen:** You talked a little bit about the Bank of Canada having its role expanded somewhat. How do you see the transition to that? Is that something that will require more tools to respond to that risk and is it geared up to do that?

**Mr. Gerry Gaetz:** This change is really a sort of global standards change, which is part of a broader set of changes to the global financial system. The change for the Bank of Canada will give it additional powers to designate payment systems beyond what it has today.

For us, that will likely mean that it will designate the retail infrastructure and systems that we run. I believe it is fully ready to do that. My only concern, in that regard, is that we don't have duplicate oversight between the Department of Finance and the Bank of Canada because that can impede our ability to be reactive to the needs of users.

**Mr. Mike Allen:** I'm glad you brought that up because that was going to be my next question. In terms of the duplication, are there provisions for that or would that be handled in terms of the regulatory structure that would support this legislation, and that you would make sure there's no duplication?

**Mr. Gerry Gaetz:** The challenge for us is to design workable arrangements for that. The avenue that we have is through memorandums of understanding with both the Bank of Canada and the Department of Finance, and then how it plays out operationally month to month. As it exists in the proposed legislation, both the Department of Finance and the Bank of Canada have a particular oversight role, so we have to make it work within that context and we'll have to make it efficient.

**Mr. Mike Allen:** Thank you.

Ms. Zatylny, I have a question with respect to some of the changes. You commented in your presentation about using provincial and municipal regulations and the potential...the minister's ability to set in regulation the ability to delegate enforcement of these types of things.

Has there been any discussion with your group and the government on the supporting regulations to this and what the next steps will be to ensure there's no duplication in the overlap of this enforcement, but at the same time making sure there are no gaps?

**Ms. Wendy Zatylny:** Thank you for the question, sir.

In fact, the intention of that particular amendment is to close the gap. In the current division of power, shipping is a federal responsibility but natural resource extraction, safety and health are provincial responsibilities.

As ports develop certain projects, particularly around natural resource extraction, there is the potential for health and safety and environmental protection requirements that are provincial responsibilities that currently would not apply to a federal entity such as the port authority.

So the intention of the amendment is, in fact, to allow the federal government to create the regulations that would reference provincial regulations and provincial standards, to close that gap. In fact, it's ensuring there is no overlap, but it's, in fact, closing the—

**The Chair:** Okay. Thank you.

Thank you, Mr. Allen.

We'll go to Mr. Cullen, please, for seven minutes.

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

Thank you to our witnesses.

I have a brief amount of time so I'll keep my questions short. To follow up on that, Ms. Zatylny, the bill doesn't provide the federal government any specifics to create new environmental or safety regulations. It essentially creates a situation where any federal ports taking over federal lands can enact provincial regulations.

Is that right?

• (0950)

**Ms. Wendy Zatylny:** Yes, that is correct.

**Mr. Nathan Cullen:** Okay, and this is in particular to the potential movement of energy resources. I'm thinking of the port of Prince Rupert and some other ports that are looking to do this. Is this connected at all or is it disconnected?

**Ms. Wendy Zatylny:** Certainly the development project at the port of Prince Rupert, specifically around their LNG project, is one of the examples the government has been looking to as a project that would be helped by this amendment.

**Mr. Nathan Cullen:** Thank you. I just wanted to clarify that.

To you, Ms. Biss, I'm just looking at this and as was said by Mr. Rankin we had some compelling testimony yesterday. We have established a few things. One is that no one asked for these changes to deprive refugee claimants. None of the provinces did and none of the refugee advocacy groups.

The federal government is going to court again, to appeal the decision from the Federal Court with respect to the stripping away of health benefits to refugee claimants. Is that correct?

**Ms. Michèle Biss:** That's correct, but that is a different issue.

**Mr. Nathan Cullen:** That's right.

**Ms. Michèle Biss:** It has to do with the IFHP program in terms of health programs.

**Mr. Nathan Cullen:** Understood.

**Ms. Michèle Biss:** But it is true that both issues do directly deal with the vulnerability of refugees and their ability to access basic needs.

**Mr. Nathan Cullen:** My question is in connection to that other issue, which is different.

This issue of stripping refugee claimants of social assistance, is it also likely to end up in court?

**Ms. Michèle Biss:** Realistically, there are a number of problems with the bill, with these particular clauses that I have laid out. There are potentially jurisdiction issues in terms of the division of powers. There are certainly human rights issues. It does also seem like there are some charter issues.

**Mr. Nathan Cullen:** Can I say it leaves the federal government vulnerable to court?

**Ms. Michèle Biss:** I would absolutely say that's correct.

**Mr. Nathan Cullen:** So, there are no savings to the federal government by doing this.

**Ms. Michèle Biss:** No, there are not.

**Mr. Nathan Cullen:** Right. So all the federal government can do is spend money on going to court, as they have already on stripping health benefits. Now to follow up, they will end up back in court spending federal dollars, not saving, on stripping refugee claimants of social assistance with nobody asking for this.

It's so good that it's in a budget omnibus bill.

Over to you, Mr. Macdonald. You made a claim that I had not heard yet, that this so-called small business credit will cost \$1.4 million by 2016-17. Is that what you said?

**Mr. David Macdonald:** Specifically, in the first year of its operation in 2015, it's likely 200 jobs will be created, which would be a cost of \$1.4 million per job created in the first year of operation.

It would be lower in the second year of operation as the multipliers increase slightly.

**Mr. Nathan Cullen:** Oh, so it gets cheaper?

**Mr. David Macdonald:** Yes.

**Mr. Nathan Cullen:** So it's not as much as \$1.4 million a job?

**Mr. David Macdonald:** That's right.

**Mr. Nathan Cullen:** So we get a deal at a half a million dollars per job.

**Mr. David Macdonald:** That's right.

**Mr. Nathan Cullen:** I had a number of my constituents write me asking me where they could apply for one of these half-a-million-dollar jobs. I wasn't able to point them anywhere.

I want to challenge you on something and maybe it was you or Mr. Askari who said this. I think it was you that said it. It was about how the incentive is quite low for people to apply to this program. I asked the government officials about this and they said the incentive is low to fire somebody, to get below that \$15,000 hard cut-off, which is, I would argue, poorly designed. Is the incentive also not low the other way?

How can it be true one way and not the other for small businesses deciding whether or not to hire somebody?

**Mr. David Macdonald:** The incentive is low. For every \$100 spent on an employee, you would get 39¢ back for increases, although in fairness no employer has to apply for this. They just get the cheque in the mail.

**Mr. Nathan Cullen:** But in terms of a small business making those decisions, 39¢ on a \$100 expenditure for a new employee isn't going to tip the balance.

**Mr. David Macdonald:** I wouldn't expect that it would tip the balance very much, which is why the number of jobs created for the amount of money spent is very low.

**Mr. Nathan Cullen:** Right.

Mr. Askari, this is a challenge I want to put to you. I'm trying to understand this process of the government. EI has been this perpetual money grab for governments over the years, and many of us have decried this. EI has been restricted. How many people working now and paying into EI can gain access to employment insurance if they lose their jobs? What percentage?

**Mr. Mostafa Askari:** Right now, about 38% of the unemployed have access to EI.

**Mr. Nathan Cullen:** Over the years, has that trended up or down?

**Mr. Mostafa Askari:** That has trended down.

**Mr. Nathan Cullen:** So fewer and fewer Canadians gain access to what they pay into. I believe it was Mr. Adler who said a few weeks ago that employment insurance doesn't belong to the government, that it belongs to the employers and the employees who pay into it. That's the foundation of the program, correct?

**Mr. Mostafa Askari:** That's correct.

**Mr. Nathan Cullen:** So fewer Canadians can actually gain access, yet by keeping rates at the same level, the government is overcharging those employers and employees to create this surplus, which it is now using for this program. Is my line of logic correct so far?

• (0955)

**Mr. Mostafa Askari:** Well, there is a temporary surplus in the account, but for the surplus, as I mentioned earlier, the way that the account is structured—

**Mr. Nathan Cullen:** By law.

**Mr. Mostafa Askari:** By the current law, any surplus in that account will have to be offset in the future.

**Mr. Nathan Cullen:** This is my challenge to you. I asked government officials about this and they said that the clock doesn't start for another two years, so it doesn't have to keep that seven-year balance because we're not starting the seven-year clock until two years from now, after the account has already been raided for the half-billion dollars.

**Mr. Mostafa Askari:** Well, the clock effectively started in 2009, when they created the new operating account for EI. At that point, obviously, there was a deficit in the account, so the rates had to be kept higher. But right now, based on our estimate and the estimate of the Department of Finance, in 2015-16 there will be a surplus in the account, so—

**Mr. Nathan Cullen:** This has to get paid off eventually.

**Mr. Mostafa Askari:** Eventually, yes. Exactly.

**Mr. Nathan Cullen:** EI rates will have to go up eventually to pay for this program that costs as much as half a million dollars a job today—

**Mr. Mostafa Askari:** Relative to what they would have...that's right.

**Mr. Nathan Cullen:** Right, and this is by a law enacted by the Conservatives themselves. Okay. Thank you.

Thank you, Chair.

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

We will move to Mr. Van Kesteren, please, for seven minutes.

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

Thanks to all of you for coming here this morning. We certainly are indebted to you for your information and everything that you bring forward to the table.

It's not part of the study, but you roused my curiosity, Ms. Zatylny. You mentioned something about the efficiency of Canadian ports. Did I get that right? What did you say we were ranked at?

**Ms. Wendy Zatylny:** I was citing a World Bank study on global transportation supply chain efficiencies that ranked us 14th out of 155 countries. That in itself is not too bad, but the report notes that it's not the absolute ranking. Rather, it's the quintile within which each country is included. From that perspective, Canada really should be in the top 10, not in the next quintile down alongside Luxembourg.

**Mr. Dave Van Kesteren:** The top 10? Okay. Which are the top-ranking countries? Do you know the top three?

**Ms. Wendy Zatylny:** They are China, Hong Kong, and after that my memory fails me, but we can get you that information.

**Mr. Dave Van Kesteren:** Is the Netherlands number three?

**Ms. Wendy Zatylny:** I suspect so, yes.

**Mr. Dave Van Kesteren:** Just as a little sidebar, I'm curious about this. I went to the Netherlands a few years ago. We had a tour of the Rotterdam facilities there. They were quite impressive. We were taken by boat through the whole thing by the director, and one of the things that struck me was that through the course of the conversation he said that the authority is independent. It is actually a part of the City of Amsterdam, but other than the very fancy gate they put up to stop the flood waters from coming in, the government has relinquished all authority to the port authority—completely. The statement he made was rather interesting. He said, "We have to produce a profit or heads will roll."

I thought about an article I read on the Vancouver Fraser Port Authority. The mayor was suggesting that they didn't want to see tankers coming in or they didn't want to ship tankers out. Is this something that's been discussed at the higher levels, that we should maybe just hand over the ports to the cities and let them gain the benefits of a well-run organization, while at the same time they have a vested interest, then, in how that operation runs?

**Ms. Wendy Zatylny:** I certainly can't comment on what has been discussed at higher levels. What I can say is that each port authority is very much embedded in and linked to the community within which it operates, to the extent that there is a municipal representative on each port authority board. There is a very tight link, and therefore the community itself has a vested interest, yes, but also a voice in the decisions that the port authority is making as to how the port will be developing and what the impacts will be on the community.

•(1000)

**Mr. Dave Van Kesteren:** The next question I want to ask, probably more out of personal interest, is this. Do you feel that the authorization from the top down is helpful, or is it a hindrance to moving forward to being more productive and more efficient in that sense? Is the system that we have in place here in Canada something that you feel is good? Are there areas where you could see improvement, and what would they be?

**Ms. Wendy Zatylny:** The overall system I believe is extremely effective. Part of what tells me that is particularly the comments I've received when I've gone down to do some work in Washington. At one point we met with the retired secretary of transport, whose initial words to me were that up in Canada here, we have it all figured out with respect to ports. That was actually pretty encouraging.

I believe with regard to the port authorities, the system that both retains federal access to strategic properties while still empowering the port authorities to operate them in a commercial mandate, in a highly competitive and dynamic environment, is one that actually balances the best of both worlds. That being said, within that there are still administrative challenges we are working on that need to be smoothed out to help enhance the competitiveness of the Canada port authorities. Among them, for example, we need to address issues of how quickly port authorities can have their letters patent amended so that they can acquire additional lands in a commercial timeframe rather than a slower process. Sometimes it takes up to two years right now to get letters patent amended such that a port can acquire lands.

So a number of administrative challenges need to be addressed.

**Mr. Dave Van Kesteren:** In terms of bureaucracy and movements like eradicating red tape, those initiatives by the government are helpful to make those things happen. Would you agree?

**Ms. Wendy Zatylny:** Those would be extremely helpful.

**Mr. Dave Van Kesteren:** Okay, good. Thank you.

Ms. Biss, I love the name of your organization: Canada Without Poverty. I looked on your web page. How do you suggest—I've only one minute, so try to make it quick—we get rid of poverty? I didn't see that on your web page.

**Ms. Michèle Biss:** That's an excellent question. Thank you so much for the opportunity to answer that.

**The Chair:** You have one minute to explain how we do that.

**Ms. Michèle Biss:** Oh, my goodness.

**Voices:** Oh, oh!

**Ms. Michèle Biss:** Well, I will say two things very quickly. The first thing is that I think it's very important that the voices of people living in poverty are represented on the federal scene.

**Mr. Dave Van Kesteren:** I want specific ideas—i.e., this is what we need to do.

**Ms. Michèle Biss:** My first one, then, would be to ensure that people living in poverty have a voice in the development of policy. My second would be the development of a federal anti-poverty plan.

**Mr. Dave Van Kesteren:** We did a great study on income inequality. It was an all-party report. Did you read that?

**Ms. Michèle Biss:** I certainly might have. It might not be fresh in my mind, though.

**Mr. Dave Van Kesteren:** It was very interesting. I forget the organization, but somebody said that there were three things, based on three major causes of poverty. Number one was finishing grade 12. Number two, although some of you might not agree with this, was getting married and staying married. Number three was staying away from drugs.

Have you implicated that into your study? Are you helping young people achieve that?

**The Chair:** Just briefly....

**Ms. Michèle Biss:** Our focus is on a comprehensive federal anti-poverty plan that uses a human rights framework and recognizes that people have the dignity to be free from poverty and the right to be free from poverty. That's the principle we use within our work.

**The Chair:** Thank you.

Thank you very much, Mr. Van Kesteren.

[Translation]

Mr. Caron, you have the floor.

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

I would also like to thank the witnesses for being with us today.

My question is for Ms. Zatylny. And I would just like to stress the fact that we have a limited amount of time.

I imagine that, as president of the association, you are quite familiar with port authorities and their history. My question is this. Why were port authorities initially not allowed to acquire federal real property?

[English]

**Ms. Wendy Zatylny:** If I understand the question correctly, you're asking why it is the federal port authorities are now being given the opportunity—

**Mr. Guy Caron:** No. Why were they prevented from doing so?

**Ms. Wendy Zatylny:** It was less of a prevention than a lack of clarity in how the Canada Marine Act was initially drafted. There have been conflicting opinions as to whether federal port authorities could bid on and acquire federal real property. The current amendment is simply stating in law now that federal port authorities would be allowed to do so.

•(1005)

[Translation]

**Mr. Guy Caron:** Very well.

I have asked public servants, government officials and department representatives this next question, but I would like to hear your take on the matter.

My region is home to a port authority in Sept-Îles, on the north shore of the St. Lawrence. And the Quebec City port is not that far away. Given how the amendment is drafted, could it allow Quebec City's or Sept-Îles's port authority to acquire the Rimouski port? After all, it is a federally owned property, is it not?

**Ms. Wendy Zatylny:** Yes.

Without commenting on a specific port authority, I would say that the proposed amendment would indeed allow them to acquire such a port.

**Mr. Guy Caron:** So the same thing could happen to the Matane port or any other port belonging to Transport Canada.

**Ms. Wendy Zatylny:** Exactly.

**Mr. Guy Caron:** Is there anything in the amendment that would prevent a port authority that is looking to expand its business from acquiring a port and then closing it, in order to gain a larger share of the regional market?

**Ms. Wendy Zatylny:** The amendment is worded in such a way that nothing would prevent them from doing so. However, port authorities interested in acquiring federal real property would not plan to expand their business by acquiring a property that they would then have to turn around and sell.

**Mr. Guy Caron:** But the legislation could still have unintended negative effects owing to this amendment.

[English]

**Ms. Wendy Zatylny:** Conceivably, in the way that it is written, yes.

[Translation]

**Mr. Guy Caron:** Thank you kindly.

Ms. Bliss, on Friday, I attended a dinner in my riding. Someone there told me, in a very neutral and not unkindly way, that an immigrant living next door was getting a bigger pension than her elderly father. I proceeded to ask her some questions and ascertained that the person she was talking about was, in fact, a refugee from eastern Europe who had come to Canada and whose refugee claim had just been accepted. The pension she was referring to was actually what the refugee was receiving in social assistance.

Would you say that lack of understanding is widespread? Could the proposed amendment allowing the provinces to eliminate the residency requirement give rise to that kind of lack of understanding?

[English]

**Ms. Michèle Biss:** Thank you very much for that question.

I think that would certainly be accurate. There is a lack of understanding that informs the issue of social assistance and refugees, and certainly, in the way that this bill has been drafted with respect to these sections. I will say that refugees do not have access to a special kind of social assistance that other individuals do not have access to.

You're talking about a very vulnerable group of people. What this bill does is it potentially excludes that very vulnerable group of people from having the same access to basic needs that all other people in Canada have.

[Translation]

**Mr. Guy Caron:** Just to be clear, this applies to refugee claimants, not those who have been denied refugee status. Is that correct?

[English]

**Ms. Michèle Biss:** That's correct. The group of people that would be excluded by the bill is both refugee claimants and people who have been unsuccessful in their claims. But fundamentally, it is those refugee claimants that will be targeted by the bill.

[Translation]

**Mr. Guy Caron:** Refugee claimants aren't allowed to work, given that they are not citizens or residents. What do social assistance benefits allow these claimants to do?

[English]

**Ms. Michèle Biss:** Social assistance benefits allow them to feed and house themselves. It's as fundamental as that. As I mentioned in my presentation, these are individuals who often arrive in Canada with absolutely nothing, often with friends and family very far away. The social assistance benefits that they have access to right now will allow them to provide for those basic needs.

It's as fundamental as that.

[Translation]

**Mr. Guy Caron:** Thank you very much.

One last question for Mr. Askari. And this is something Mr. Macdonald brought up as well.

You talked about the multiplier effects of EI premiums and benefits. The government has reduced EI accessibility, allowing fewer people to access benefits, and raised premiums. That is extremely detrimental to the Canadian economy when you consider the fiscal multipliers, is it not?

•(1010)

**Mr. Mostafa Askari:** Actually, it will have a temporary impact on the economy that will be offset later by a reduction in premium rates. So it does not have a permanent impact on the economy or the number of jobs.

[English]

**The Chair:** Thank you.

[Translation]

Thank you, Mr. Caron.

[English]

We'll go to Mr. Adler, for seven minutes, please.

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

Thank you all for being here today. We appreciate your input. We've had a very robust discussion over the last little while on Bill C-43.

I have a couple of questions that I would first of all like to address to Mr. Askari.

As you know, our new small business job credit will lower EI premiums by 15% and save small businesses more than \$550 million over the next two years. First of all, do you agree that this is real money that small businesses can use to defray the cost of hiring new workers and to take advantage of emerging economic opportunities?

**Mr. Mostafa Askari:** The amount is really small.

At the firm level, the maximum that a business can get from this is \$2,200. This is a company that would have a payroll of about \$600,000 a year. An amount of \$2,200 for a firm that has a \$600,000 payroll is not really the kind of money that would affect their decision-making process, or hiring or firing decisions.

Also, if you want to hire an employee, with the assumption of a \$50,000 salary, that would save the business only about \$195, based on this credit. It's not big enough to create any kind of incentive.

**Mr. Mark Adler:** The Canadian Federation of Independent Business, which represents 109,000 small businesses across the country, says that our new small business job credit will create 25,000 person-years of employment.

I'm curious as to why your job estimates would vary so greatly from theirs.

**Mr. Mostafa Askari:** Well, it's a good question.

Some of it is that we don't know exactly how they came up with the 25,000 job-years. That requires a period of time that you have to maintain those jobs. This is a temporary measure, so it's not clear how you can maintain that kind of an impact over a 10-year or 15-year period.

Also, they have used a multiplier that is different from ours, and that happens. There are different ranges for the multipliers that might be used. The Department of Finance's multipliers, from our point of view, are more the official measure of the impact of various stimulus measures on the economy.

**Mr. Mark Adler:** Are these Finance multipliers, or your own?

**Mr. Mostafa Askari:** Finance multipliers

**Mr. Mark Adler:** Okay.

We are lowering payroll taxes for 90% of businesses, and the Liberals and the NDP are supporting a 45-day work year that will drastically increase premiums, by some 35%, at a cost of \$4 billion. Our government will not attack job creators with massive tax hikes, so in your opinion would the \$4-billion Liberal and NDP employment insurance scheme create 25,000 new jobs?

**Mr. Mostafa Askari:** Well, sir, again, as I said, if we maintain the current Employment Insurance Act, on that basis, no measure under this act that uses the proceeds from the EI premiums can have any permanent job impact, whether negative or positive. It has to be offset over time.

**Mr. Mark Adler:** Okay. Thank you.

I want to move on to Mr. Gaetz.

With regard to the new division 27 about the Payments Clearing and Settlement Act changes, how will these changes impact the payments industry?

**Mr. Gerry Gaetz:** The changes are aimed primarily at introducing a more balanced governance to the Canadian Payments Association and stronger oversight of critical market infrastructures, so I would say that there are two main areas. One is ensuring that any market infrastructure, and by that I mean Canadian Payments Association as a market infrastructure, clearing essentially all of the value of

payments every day in the economy, and other market infrastructures such as securities, Canadian depository securities, and derivatives market infrastructures, have the kind of oversight that they should have to ensure that they operate safely.

The other aspect of the changes relates to having a balanced view in terms of how we move forward with modernizing the payment system in Canada, a view that balances the public policy objectives of safety, soundness, and efficiency, and meeting the needs of users.

Those are the two main areas.

• (1015)

**Mr. Mark Adler:** So there were certain gaps within the current regulatory regime that you see division 27 as rectifying.

**Mr. Gerry Gaetz:** I would say on the safety and soundness side, it's more about strengthening, whether you call that a gap or really rising to international global standards for oversight. That's the key element on that side. Then on the governance side, it's about having a good, embodied, entrenched, balanced view, at least for the Canadian Payments Association, on our board.

**Mr. Mark Adler:** Do you agree that the Bank of Canada needs more tools to respond to risk and to ensure clear and greater oversight on various payment systems?

**Mr. Gerry Gaetz:** If Canada is to operate consistently with global standards, it would be required for the Bank of Canada to be able to do that.

**Mr. Mark Adler:** You would agree with that.

**Mr. Gerry Gaetz:** Yes.

**Mr. Mark Adler:** Thank you very much.

Thank you, Chair.

**The Chair:** Thank you very much, Mr. Adler.

I'm going to take the next round as the chair.

I wanted to start off with the Heart and Stroke Foundation and the Canadian Cancer Society. This is more of a comment from me, but you're free to comment in response.

As you know, this committee has done an awful lot of work on charity work, your sector's work, with colleagues like Peter Braid, and former finance minister Jim Flaherty on this issue, so I'm very pleased with what is happening in this budget implementation act. I do have to say, though—and Mr. McAllister, I like your example as well—that your sector is one of the best in terms of adopting ICT. It is. As someone who donates to charities, it is one of the best sectors I can find in terms of the adoption of ICT. I just want to commend your sector for that. I don't know if you have a short comment on that, either one of you, but I just want to commend you for that.

**Ms. Janice Gray:** Thanks.

**Mr. Tom McAllister:** Thanks.

**Voices:** Oh, oh!

**Mr. Tom McAllister:** I think that qualifies as short.

**The Chair:** Second, I'll address the Canadian Payments Association.

Mr. Gaetz, you said it and you have to actually repeat it. Last year the CPA cleared and settled \$44 trillion or \$170 billion on average every business day, and you almost said it modestly. That is an astonishing achievement for your model and obviously for your organization.

One clarification in follow-up to the other questions you've had is you pointed out that, at a minimum, two of the member directors should represent member institutions designated as domestic systemically important banks, a category of institution that collectively accounts for over 80% of payment transactions in CPA funding.

So in terms of the voting, just to clarify, the large institution carries the same vote as a smaller institution, but in order to address the systemic issue, two of the directors will be from the larger institutions.

Can you address that issue?

**Mr. Gerry Gaetz:** Yes. Thank you for the question. That's a very important element because the largest financial institutions in Canada carry the lion's share of the risk for payment transactions. They also carry the cost of my organization, the running of my organization, and the modernizing of the systems. Because the payment system is like a network and all of the players are connected, it's really important that we have those views represented at the board table.

**The Chair:** How many organizations would be considered domestic, systemically important banks?

• (1020)

**Mr. Gerry Gaetz:** Six. We use the same definition as OSFI would use.

**The Chair:** Okay, I just want to get that on the record. I appreciate that.

Next I'll go to the port authorities. Ms. Zatylny, I want to follow up on your presentation, and I appreciate your segue into the next budget.

You talked about the infrastructure need and the Building Canada fund in terms of the federal funding issue. Can you just expand on the infrastructure need from a port authority perspective?

**Ms. Wendy Zatylny:** With pleasure, Mr. Chair.

As I've said, the port authorities are operating in a very dynamic and changing environment. There are a lot of factors that are affecting the demand on ports, certainly in terms of the trade agreements that are being signed but also with just the changes in global trade flows, with larger ships that will potentially be going through the Panama Canal, for example. As well, simply much larger ships are being put on the lines. The largest ship in the world right now is 18,000 TEUs. It's 33 metres wide and it draws 32 feet.

The ports have to be responding to these changes both in terms of volume and simply in terms of the size of the vessel that is coming in.

Currently, while we are able to meet the demand, ports are nearing capacity. So we start to see issues that occur and bottlenecks that occur if there are any kinds of surges. We saw that during the wintertime but we're also seeing that currently with labour disruptions on the west coast that are rerouting containers to Port Metro Vancouver and Prince Rupert. By virtue of those ports already nearing capacity, they are starting to have difficulty handling the extra load.

Because of these issues there is a tremendous need for additional investment in simple port infrastructure. The \$5.3 billion that we identified with Transport Canada was a scan of port needs. That breaks down to about two-thirds for developmental needs and one-third for rehabilitation of existing port infrastructure.

The port of Halifax has some berth facings there that predate the Halifax explosion. It's probably time to change them.

Those are more difficult to develop a business case for. So, again, while the Building Canada fund has been enormously helpful, and we're grateful for it, there are a couple of issues with it. First, the \$100-million threshold is extraordinarily high for most ports to achieve, and second, the ratio of funding still creates a big gap that the ports are forced to fill, and they're having difficulty in filling it.

**The Chair:** Okay, I appreciate that.

I don't have much time left, unfortunately, and I have a lot of questions.

I know this is going to be an ongoing political debate over employment insurance rates, and the politicians are going to say various things. The most reputable organization for a small business in Canada is CFIB, by far. Every political party quotes them with respect to the EI rates, and with respect to credit card rates.

This is what they say. The small business job credit "will result in a 15% net reduction in [EI] premiums paid by small businesses over the next two years".

"This is a big one", said Dan Kelly.

This will make it easier to hire new workers or invest in additional training to help entrepreneurs grow their businesses. In fact, CFIB estimates that this credit will create 25,000 person years of employment over the next few years.

I know there are two witnesses on this. But in 30 seconds or a little more, why is CFIB incorrect on this? They've clearly stated their position in support of this policy change.

Mr. Askari or Mr. Macdonald, does anyone want to address this?

**Mr. Mostafa Askari:** I will just say very briefly, what I heard from Mr. Kelly after the announcement of this credit. In an interview he said this is not going to change the behaviour or the decision-making of any small firm. Overall, it's money that goes to these firms and they can spend it on something, and that would be the way it might create some stimulus in the economy. But the amount is so small it's not—

**The Chair:** I'm quoting from what he actually says here. I'm quoting from their press release, so...

**Mr. Mostafa Askari:** Well, this is an advocacy group. Obviously, I am not going to judge what their motives are for saying that, but—

**The Chair:** Well, their motives are to have small businesses increase in size and hire more people. That's their motive, right?

**Mr. Mostafa Askari:** Perhaps, but this is obviously so small. At the micro level, definitely this is not going to provide incentive for any firm to hire or fire anybody, it's so small.

**The Chair:** Okay.

Well, hopefully, we can have them here to address it. As an organization, they praise a policy when they like it, and when they don't like a government policy they're very quick to criticize it, as they do. I will just point that out...as an independent organization.

I will go now to Mr. Cullen, for five minutes.

• (1025)

**Mr. Nathan Cullen:** Thank you, Chair.

Just to follow up on that, I can understand why CFIB would advocate for this. They would advocate for the lowering of EI premiums whatever the reason.

The question I would put is this. The analysis that's been done by CFIB...we asked the federal officials what analysis had been done by the finance department. To be more specific, they said they didn't do analysis on the impact on jobs. I agree with the chair in terms of how CFIB will criticize government policy. They like lower EI rates as a policy. Our question is about the effectiveness. They're targeted, and I think that was to Mr. Macdonald's point that it's poorly targeted and isn't going to get the results that are claimed unless someone can show analysis—proper analysis, not back-of-a- napkin stuff—that it'll actually do what the government claims. The government hasn't bothered to analyze a half-billion-dollar EI program, which causes one concern.

A question to you, Ms. Biss....

First of all, I'm looking at the 160 organizations that have signed onto this, and to your letter opposing this. I have to say it's an impressive list across Canada: multi-faith groups, Christian, Jewish, Muslim, churches of just about every denomination I can think of, anti-poverty groups, health groups, doctors, nurses, front-line women's organizations, women's shelters, French and English, and ethnic groups right across the spectrum. It's unusual for this many groups of this diversity to agree on anything.

My specific question to you is this. A refugee applicant in, say, Ontario—I'm not sure which province you're most familiar with—what would they typically receive in social assistance in a given week? Are you familiar with those numbers? What's being stripped?

**Ms. Michèle Biss:** Yes, I can expand a bit on that.

One thing I'd just like to add to your comment is that not only is it interesting the vast number of groups who have signed onto this, it has also been in a very short period of time. Because of the way that the bill has been created, as an omnibus budget bill, those names have been really compiled in, I think, about three or four weeks. That's just something else I'd like to add to that.

In terms of the amount of money that an individual might get from social assistance, including refugees, I will say it's not our area of expertise. We don't deal with individual claimants. But I could say other organizations that we've been working with have expanded on

this. For example, for a single person in Ottawa, say, if you're receiving general welfare, I believe that you can receive anywhere between \$600 and \$650 per month. That includes your housing cost, your food cost, and your personal necessities. We're not talking big numbers here. We're talking enough money to scrap by and pay for your basic necessities.

**Mr. Nathan Cullen:** Thank you.

Ms. Zatylny, the government's had a fairly aggressive trade policy, but you've mentioned this gap over and over again. If 90% of our products are moving through port for this trade, there's a gap between the government's ambitions to move product and the port's abilities to expand to meet those needs.

I'm not trying to politicize this issue. Just talk about the bare facts of what the realities are for Canadian ports if we're seeking to expand overseas, particularly in marine trade. Is that a fair assessment, the reality of what trade may or may not happen versus what the ports can actually accommodate in their infrastructure?

**Ms. Wendy Zatylny:** Yes, that is certainly true.

**Mr. Nathan Cullen:** One of our concerns about the infrastructure fund is that it's backloaded. The government announced a large number, but much of it, the vast majority, falls in the eighth, ninth, and tenth year of the program. Anytime a government promises something eight, nine, ten years from now, it's an easy way not to do something, especially when you're spending money.

Is not the infrastructure money needed now, in terms of helping Canada have a stronger trade balance? We have a negative balance right now.

**Ms. Wendy Zatylny:** Absolutely. At the end of the day, infrastructure projects take a while, take a few years to get off the ground. But having the notion or the guarantee that there is federal funding that is coming in really would help get an infrastructure project put together and would help the port authority continue to bring together the patchwork, really, of funding partners that are required to fund a big project.

• (1030)

**Mr. Nathan Cullen:** Very quickly to Mr. Macdonald, someone said that this EI program is decision-based evidence-making. You talked about a three or four times more powerful program through using EI a different way. Could you expand on that and make it a little clearer for me?

**The Chair:** Make your answer very brief, Mr. Macdonald.

**Mr. David Macdonald:** Sure thing.

One of the things we've advocated for in the past is to standardize the minimum hours required to access EI as well as universally decrease the number of hours required, in part to address the fact that temporary employment has become a more permanent way of life for most Canadians.

By implementing both those measures, instead of providing the small business job credit you'd likely see a larger impact on employment in Canada.

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

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

**Mr. Gerald Keddy:** Thank you, Mr. Chairman.

Very quickly, Ms. Zatylny. The port authorities are set up as a profit-making venture.

**Ms. Wendy Zatylny:** In the Canada Marine Act they have a joint responsibility or joint mandate to be profit-making, to operate in a commercial manner, as well as to respond to the strategic economic development needs of the country.

**Mr. Gerald Keddy:** I appreciate that the port authorities will take any federal government assistance they can get as far as infrastructure goes, but in reply to Mr. Cullen's statement, you said that you're working at a deficit. How many port authorities in Canada are working at 100% capacity?

**Ms. Wendy Zatylny:** I cannot give you an absolute number. What I can tell—

**Mr. Gerald Keddy:** Halifax is working at 60% or 50% most of the time.

**Ms. Wendy Zatylny:** Yes.

**Mr. Gerald Keddy:** The port of Montreal is not at 100%. The port of Toronto is not at 100%. I don't think the port of Vancouver is at 100%. So in order for your statement to be correct, they'd have to be at 100% capacity now and trying to get more business that they can't get.

**Ms. Wendy Zatylny:** The challenge with that statement is that ports become extremely inefficient at much less than 100% capacity. They tend to become inefficient at around 80% to 85%.

**Mr. Gerald Keddy:** Thank you for that.

I have to take exception, Ms. Biss, to your explanation of what clauses 172 and 173 do. Let's be clear. There's not going to be any change whatsoever in social welfare services given to asylum claimants or refugees. Yes or no?

**Ms. Michèle Biss:** These clauses will give provinces the option to do that.

**Mr. Gerald Keddy:** I'm going to explain that in a minute. Will there be any changes to asylum claimants or refugees?

**Ms. Michèle Biss:** If the provinces decide to impose a minimum residency requirement because it won't affect their CST, it could.

**Mr. Gerald Keddy:** No, it can't. Clause 173 looks after that. That's the exception to the minimum residency requirements for Canadian citizens, permanent residents, protected persons who are not permanent residents, within the meaning of subsection 95(2) of the Immigration and Refugee Protection Act, and victims of human trafficking who hold a valid temporary resident permit.

It's more than a little disingenuous when you say that. I just want to correct the record.

**Ms. Michèle Biss:** Could I speak to that?

**Mr. Gerald Keddy:** Let me finish. Let's look at what this proposed legislative change does here.

It amends the federal-provincial fiscal arrangements to allow provinces and territories to introduce a minimum period of residency with the exceptions of those individuals whom I already listed. Currently they cannot do that because if they impose minimum residency that's clawed back from their transfer payments. So this gives them the jurisdiction that they already hold without losing any federal transfer payments. This is a correct and proper thing to do. This is not an improper thing to do.

Clauses 172 and 173 amend the legislation, allowing the provinces to put in whatever requirements they wish to put in and at the same time—and I want to say it again—with the exceptions of Canadian citizens, permanent residents, protected persons, refugees, and victims of human trafficking.

What is wrong with this system? You cannot lump them all together. Refugees, people who are victims of human trafficking, asylum claimants—that's not changed.

● (1035)

**The Chair:** A brief response....

**Ms. Michèle Biss:** To clarify, what's important in the bill is what groups of people are left out there. What the bill reads is that it's people who have been successful so far in their refugee claims. When a person arrives in Canada as a refugee, and they have to wait for those three to four months for their determination to be made, they are a refugee. They might be unsuccessful later on in their claim, that's true, but those who are waiting for their refugee determination to be made are considered refugees.

If a successful refugee determination is made, it recognizes that they are refugees, not that they become one at that moment.

**Mr. Gerald Keddy:** No, what it actually allows is those who are abusing the system, false refugees or fake asylum claimants, to lose their social assistance.

**Ms. Michèle Biss:** What about those people who will be successful in their claims?

**Mr. Gerald Keddy:** They are looked after—

**The Chair:** Okay. It's unfortunate that we are out of time. We'll have to have this debate carry on elsewhere.

Thank you, Mr. Keddy.

We will go to Mr. Brison for five minutes, please.

**Hon. Scott Brison:** Thank you very much.

I'll start with Ms. Zatylny from the port authorities. I'm told that Canadian pension plans are active in investing in transportation infrastructure and ports in other countries. Is that your understanding as well?

**Ms. Wendy Zatylny:** Unfortunately, I am not aware of that. I can't comment, sir.

**Hon. Scott Brison:** Are you aware of other countries that are using pension plans to modernize port facilities?

**Ms. Wendy Zatylny:** I have heard, simply anecdotally, that there are other countries that are doing that, yes.

**Hon. Scott Brison:** Australia, I understand, is one of them. There's also the emergence of pension plans, not just in Canada but globally, playing a more active role through public-private partnerships investing in modernizing infrastructure. I would be interested in your organization's view of that and the potential, given that Canada has probably the greatest concentration of expertise in the design, construction, and financing of infrastructure in the world, that's resident in Canada with our pension funds. I'd be interested in your organization's views on harnessing that expertise to build and modernize port facilities and other transportation infrastructure here. Does your organization have a view broadly on the use of institutional or pension fund money as investment to build and modernize infrastructure?

**Ms. Wendy Zatylny:** Frankly, sir, it is not an area that we have considered specifically. However, given again that Canada's port authorities are remarkably adept at putting together multi-partner funding models, I think opening that up to include other investment sources that would fit into the business case of a particular project would be a positive thing.

**Hon. Scott Brison:** One of the impediments to Canadian pension plans playing a bigger role in financing projects in Canada is the size of projects. One of the things your organization could consider is that potentially the federal government could work with municipal governments, and other groups who have infrastructure that needs to be modernized, to bundle projects in similar asset classes.

The point with bond yields being at historic lows, and real interest rates being negative, is that we have a historic opportunity to engage smart money in the long-term investments required to modernize our infrastructure. So I agree broadly, but I'd be interested in perhaps having a meeting sometime to discuss some of those opportunities.

Back to this. Further to Mr. Keddy's questions, and I think he used the term false asylum seekers, some of these people would have children, so even if you had somebody who was pursuing asylum dishonestly, and potentially as an individual abusing the system, would these include a significant number of parents and people with children?

**Ms. Michèle Biss:** Yes, absolutely. I think, again, it's fundamental to remember that we're talking about the first few months after a refugee claimant arrives in Canada, while they're waiting for their refugee determination. The bill does not distinguish between people who will be successful or unsuccessful simply because you can't determine it at that point in time. It's people who are vulnerable. It's people with children. It's many people who will later be successful with their refugee claims.

• (1040)

**Hon. Scott Brison:** The point is that children potentially could be, I would assume, unintended victims of the denial of provincial social assistance to refugees.

**Ms. Michèle Biss:** Absolutely, and it's important to remember that it's not just children; it's children who have likely also experienced some form of persecution.

**The Chair:** Okay, you have a short time.

Colleagues, there are 30-minute bells now. I'm going to finish Mr. Brison's round. I suggest we finish with Mr. Allen for five minutes, and then we'll go to vote. Is that acceptable?

**Some hon. members:** Agreed.

**The Chair:** Mr. Brison, for a brief question.

**Hon. Scott Brison:** You were asked a question earlier by Mr. Van Kesteren about specific measures. Would increasing the working income tax benefit, and potentially the child tax benefit as well, both of which are very progressive measures, make a difference in moving the needle in terms of poverty?

**The Chair:** A brief response, please.

**Ms. Michèle Biss:** We believe in this idea that we need a comprehensive federal anti-poverty plan, and yes, those certainly might be two elements that are part of an overall plan that addresses the systemic causes of poverty.

**The Chair:** Thank you.

Thank you, Mr. Brison.

We'll go to Mr. Allen, please.

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

Ms. Biss, I want to pick up on that line of questioning just for a second. As Mr. Keddy pointed out, the legislation does not "take away", and as you indicated in your statement before, the provinces have said they're not asking for that, and some in the opposition have said that. So in reality then, chances are the provinces are not going to do anything to enact.... This legislation gives them the flexibility to do so. At the end of the day, if they've chosen not to go down that road, there will be no impact.

**Ms. Michèle Biss:** It is certainly possible that the provinces might say they'll have zero minimum residency requirement. That is correct. However, what this is fundamentally about is a key national standard that upholds the federal government's responsibility to ensure that all people have access to basic needs and fulfills its human rights responsibilities. All levels of government are responsible for the human rights of the people in Canada.

**Mr. Mike Allen:** I'm not going to dispute that, but at the same time, the social assistance is still going to be there.

**Ms. Michèle Biss:** This bill isn't about the administration of social assistance, which indisputably, of course, provinces do have jurisdiction over. This is about a national standard that ensures that social assistance is distributed equitably and that all people have access to those basic needs.

**Mr. Mike Allen:** I dispute that, but anyway....

I'll go to the Canadian Cancer Society and the Heart and Stroke Foundation. It's interesting to look at some of the lotteries we see coming up in local areas. I see a lot of my volunteer firefighters now starting some of these lotteries. It's a tremendous amount of money that they're able to raise, and many people participate.

With respect to that, Mr. McAllister, your analogy of reaching into the drum was also a very good one, because we can imagine how long it would take—about 15 days—and how many people. The chair also talked about the adoption of ICT.

What do you anticipate with this legislative change over the coming years in terms of furthering the reach you're able to get in the ability to raise more money, and with that in mind, what do you anticipate would be some of the risks from controls, because you're going from one environment to another for doing this?

What kinds of control mechanisms do you have in place? Are you able to leverage other organizations for those controls?

**Ms. Janice Gray:** Tom, I'll do the controls if you want, because that's my day-to-day business.

I'm looking at things that would possibly engage our provincial regulators to have us work with the provincial lotteries, so controls that have already been approved by the Alcohol and Gaming Commission of Ontario, AGCO, for use by provincial lotteries could then be leveraged for use by charitable lotteries. That might be one way. We could take the approach that the controls are in place and have been approved, the software and everything has been approved for use provincially, and we'll just go along for the ride. We can pay a fee to use the software and the processes. I think that's the best way to deal with the control issue.

We're not looking to open up a wild west of crazy computer lotteries. We just want to send an e-ticket to somebody who purchased a lottery. There's a big range of where that can go. At the most fundamental, we're just looking to do what everybody does to conduct business today.

•(1045)

**Mr. Tom McAllister:** I would agree with Janice. We're just piggybacking on processes that have been put in place and have been there for decades at the provincial level.

In terms of your question on what the savings could be on an annualized basis, we estimate, probably conservatively, that this would save the charitable sector in Canada somewhere in the range of \$2.9 million a year, and quite frankly, it could be more than that.

**Mr. Mike Allen:** The savings is one thing, and that's great, but the ability to run these more efficiently and effectively.... The fundraising reach, this must really anticipate to increase that in the future years. Does it?

**Ms. Janice Gray:** It does for me, and that's why I made a point about acquiring new, younger consumers. It's not a secret that the charitable lottery sector is basically funded by elderly people. So the less we're in the new world of modern technology, the less likely we are to get supporters to come on board.

**Mr. Mike Allen:** Thank you very much.

**The Chair:** On behalf of the committee, I want to thank all of you for being with us here this morning and contributing to a very good policy discussion on this bill and the important deliberations here.

Thank you so much, colleagues.

The meeting is adjourned.

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