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## **Standing Committee on Finance**

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**EVIDENCE**

**Thursday, November 8, 2018**

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**Chair**

**The Honourable Wayne Easter**



## Standing Committee on Finance

Thursday, November 8, 2018

• (0850)

[English]

**The Chair (Hon. Wayne Easter (Malpeque, Lib.)):** Could the committee come to order? The finance committee is continuing its study of Bill C-86, a second act to implement certain provisions of the budget tabled in Parliament on February 27, 2018, and other measures.

For members' information, the clerk will pass out a budget that relates to this study and paying the expenses of some witnesses who had to come some distance. People can look it over before we have a discussion on it later in the meeting.

I welcome the witnesses here. First up as a witness is Mr. Hynes, president and chief executive officer of FETCO Inc.

Go ahead, Mr. Hynes.

**Mr. Derrick Hynes (President and Chief Executive Officer, FETCO Inc.):** Thank you, Chair.

Good morning, committee members. It's always a thrill for me to be here and appear in front of any committee. I studied politics many years ago and am a non-partisan political junkie. I spend way too much time watching CNN and related media.

I am the president and CEO of FETCO. FETCO stands for Federally Regulated Employers - Transportation and Communications. We are all federally related firms in the transportation and communications sectors. We've existed as an organization for over 30 years. We're generally large employers in the federal sector encompassing over 500,000 employees. FETCO members are household names to many of you: Air Canada, Bell, CN, CP, FedEx, UPS, WestJet and Telus, to name just a few.

Today, in my limited time with you, I'm going to spend a couple of minutes on two key issues in this bill: division 14, on the pay equity bill, and division 15, on the Canada Labour Code. I'm not going to comment clause by clause on provisions within the bill. Time today doesn't permit me to do that, nor did the time in terms of reviewing the bill allow me to do that.

I want to talk about four key messages in terms of our messaging to you today. The first is about, and I think this has been discussed at your committee, the use of omnibus budget bills. Here we are going to be equal opportunity criticizers. This is an issue on which we were critical of the previous government, and we will raise it again today.

This bill is nearly 900 pages long, and it includes enormous diversity. To review it in one week and provide any sort of meaningful feedback to you is difficult, so we're looking specifically at two critical issues that affect our members. Both have been the result of consultation efforts the government has undertaken, but at this point, I'd say that this feels a little bit rushed. We've gotten to this point where legislation has been introduced, and we are very quickly going to go through this bill, and let's be real, it's a budget bill, so it's likely to pass with only limited amendment.

The other thing, of course, as I think has been pointed out, is that the modern labour standards piece in this bill related to part III was not specifically referenced in budget 2018, so it is likely inappropriate in this space.

It would have been our preference if both of these bills were stand-alone pieces of legislation. The government has committed a lot of energy to pay equity and to part III of the code. We've been engaged quite extensively with our counterparts in the labour movement, and it certainly would have been our preference to see these introduced as separate pieces of legislation.

My second point is really about business costs. Our concern with this bill is that there are some indications that due consideration is not being given to business costs. I raise this as a broader issue to the government as a whole.

We've seen a lot of major workplace-related changes over the past three years. I'll give you just some examples, for which there are major cost implications for the employer community: paid personal leave, family responsibility leave, expanded vacation leave, caregiver leave, indigenous practices leave, leave for victims of domestic violence, medical leave, changes to the EI program, accessibility legislation, flexible work arrangements, pay equity, termination compensation, and the elimination of wait periods for certain compensatory benefits. We're now starting to talk about a new statutory holiday. All of these have major cost implications.

On an individual basis, I think it's quite rational to look at them and logically conclude that they are reasonable, but there's a cumulative effect from a number of these changes that is having a real, major effect on the business community. As we're having a national dialogue on issues like business investment, workplace productivity and economic competitiveness, it's tough when we're simultaneously driving up the cost of doing business. To us that seems like a contradiction, and we think it is reasonable that business costs would be factored into any of these discussions.

Specifically, on the bill in front of us today, I have some comments on both the pay equity bill and the changes to the Canada Labour Code. On the pay equity provisions, I want to be very clear, and I hope there is no misunderstanding between us today. Our organization, FETCO, is very supportive of the concept of pay equity, equal pay for work of equal value. We believe that closing the wage gap is of critical importance. It is the right thing to do. It makes business sense.

The concern we've been raising for the two years we've been having this discussion, specific to this bill, is about the methodology. I recognize that the ship has likely sailed, since it is now contained in the bill, but we have been concerned that a proactive approach to pay equity may not be the best approach to root out wage discrimination where it does exist.

• (0855)

The government has clearly committed to it, and our concern, which we have raised repeatedly, is that this may be a costly and potentially overly bureaucratic solution that many not close the wage gap.

I reflect back to the Special Committee on Pay Equity. I presented on behalf of employers at that table. Some representatives from Statistics Canada presented shortly before me, and they indicated some data that I thought was particularly useful. They indicated that we have a wage gap. When they looked at the sectors of Ontario, Quebec and the federal sector, they indicated there is a wage gap in Canada, and I think we all agree that's a problem. They also indicated that the wage gap is narrowing. That's a good thing, but it's not narrowing at a fast enough rate. What is most interesting about the data that StatsCan presented was that the gap in wage rates in the Ontario, the Quebec and the federal models was essentially narrowing at the same rate.

We recognize the current approach we use, the complaints-based model, is not working as effectively as it could be. The question we raised is why we would throw it all out and replace it with something that isn't proving to be any more effective than the current model that we're using. I'm happy to talk specifics about the bill, if you have questions later.

The last thing I'll talk about is the changes to part III of the Canada Labour Code. The fundamental issue that we've had throughout this process, as it relates to part III of the code and the minimum labour standards that exist therein, is that we think the government has largely applied a provincial lens to the federal sector, and they're really not the same. The point we've made is that in some cases we're solving a problem that actually doesn't exist. The government speaks a lot about precarious and vulnerable workers. While we do recognize that issue does exist in the country, it's largely an issue that

exists within provincially regulated sectors. In fact, the government's own data indicates this. The government's own data, in its discussion paper leading up to these changes to part III of the code, indicates that the vast majority of jobs in the federal sector are permanent, full-time unionized jobs with full pensions and benefits, and many exist in the context of a mature collective bargaining system.

Bill C-86 introduced a series of changes to the code that are going to raise the standards. The challenge this presents to us, as large employers, is that it will create a couple of key challenges. We think it's going to create conflicts in collective agreements where similar provisions already exist, and what might happen when that conflict emerges; and second, we are worried about the inflationary pressure that elevating labour standards over here for what is a small group of employees may have over here for the bulk of the federal sector.

I'll leave it at that, and I'm happy to take your questions. Thanks you for your time.

**The Chair:** Thank you very much.

Turning to the Canadian Alliance of Student Associations, we have Mr. Brown, chair.

[*Translation*]

**Mr. Adam Brown (Chair, Canadian Alliance of Student Associations):** Good morning, Mr. Chair, honourable committee members and fellow witnesses.

• (0900)

[*English*]

I would like to begin by acknowledging that we have the privilege today of gathering on the traditional and unceded territory of the Algonquin and Anishinaabe people.

My name is Adam Brown. I am the chair of the Canadian Alliance of Student Associations, or CASA. I am also the vice-president external of the University of Alberta Students' Union, and a fourth-year student completing a business degree majoring in business economics and law.

CASA is a non-partisan, not-for-profit organization that represents roughly 350,000 students at colleges, universities and polytechnics across the country. Through a formal partnership with the Union étudiante du Québec, we are a trusted national student voice. We advocate for a post-secondary system that is accessible, affordable, innovative and of the highest quality.

Today I will be speaking to two important aspects of this bill.

The first relates to the Copyright Act and its impact on the quality of education here in Canada. The second relates to education as a missing component of the government's poverty reduction strategy.

These are two key elements that will significantly impact the quality and accessibility of student post-secondary experiences.

Bill C-86, part 4, amends part of the Copyright Act relating to the Copyright Board by improving the timelines and clarity of its proceedings and decision-making process. Students are pleased to see this as CASA highlighted it as an issue in its Copyright Act review submission to the Standing Committee on Industry, Science and Technology earlier this year.

In fact, students are directly impacted by the decisions of the Copyright Board, specifically when it comes to fees associated with copyrighted materials. Post-secondary institutions will either pass the costs of copyrighted works onto students through increasing ancillary fees, or they will pay out of their operating budgets, which will affect the quality of the education being given.

Despite the fact that the Copyright Board's decisions directly impact the accessibility and affordability of education, students are often left in the dark about the fees that are levied on them.

Tuition is only one piece of post-secondary cost that students are expected to cover, and students will continue to struggle with unpredictable education costs if these high ancillary fees, such as those coming from copyright costs or the high costs of textbooks, remain.

While CASA is pleased to see reforms to the Copyright Board, the question is still up in the air as to whether the existing statutory protection of education as a component of fair dealing will remain following the Copyright Act review.

Fair dealing for the purposes of education specifically helps Canada offer an accessible and high-quality post-secondary education system by not subjecting information and knowledge to unreasonable restrictions.

The way it accomplishes this is twofold. First, fair dealing for education purposes ensures that students can access a variety of quality learning materials with varying perspectives throughout their studies.

For example, I've taken a few classes where professors use a variety of text, audio and visual materials from different sources that do enhance the quality from diverse perspectives.

Second, fair dealing for educational purposes keeps in mind the financial realities of students. As you're likely aware, students already face significant costs to their education. The average undergraduate student with loans in Canada graduates with approximately \$27,000 in student debt. Without fair dealing, students would lose because they would face overly burdensome processes and fees to access integral education materials. Faculty would lose as they're not able to have the same freedom to provide their students with affordable and diverse learning materials. Industries would lose because the incoming talent would lack exposure to a diversity of ideas throughout their learning. Finally, Canadian post-secondary institutions would lose to their foreign competitors who are making larger strides with respect to providing their students with affordable and accessible education materials.

Content creators are important. As a matter of fact, many of us students will go on to become those content creators. However, unnecessarily restricting students' access to learning materials is not a good way to protect those materials. CASA welcomes Copyright

Board reforms but calls upon all members of Parliament to do what they can to protect education as a component of fair dealing in the Copyright Act.

To move to my second point, we're pleased to see the inclusion of the poverty reduction act in Bill C-86. CASA believes that post-secondary education is an important tool for reducing poverty in Canada.

Earlier this year, we also submitted recommendations to the government's poverty reduction consultation and in this submission, students suggested ways to increase the usage of the Canada learning bond to help families in need save for their children's education. The government currently supports low-income families by providing Canada learning bonds that contribute up to \$2,000 to a child's registered education savings plan. While the bond provides much-needed support to aspiring students from financially disadvantaged backgrounds, sadly, only 31% of eligible families access the benefit.

In Ontario, RESP registrations are now linked with online birth registration to ease the process of accessing this Canada learning bond. This is a step in the right direction to making the bond more accessible to families.

CASA strongly encourages the Government of Canada to begin working with the provinces to increase the uptake of the Canada learning bond as well as the number of young Canadians able to access post-secondary education in the future.

● (0905)

[*Translation*]

Thank you for inviting us to appear before the committee to discuss the concerns of post-secondary students regarding copyright and Canada's poverty reduction strategy, which are addressed in Bill C-86.

Thank you.

[*English*]

**The Chair:** Thanks very much.

Turning to FAIR Canada, we have Mr. Allen, executive director and Ms. Passmore, director of policy and chief operating officer. Go ahead.

**Mr. Frank Allen (Executive Director, FAIR Canada):** Thank you, Mr. Chairman.

Good morning to the members of the committee. FAIR Canada is a national charitable organization dedicated to putting financial consumers first. As a voice for financial consumers, FAIR Canada is committed to advocating for stronger consumer protections and advancing investors' and financial consumers' rights.

We are here today to speak briefly to some of the provisions in division 10 of Bill C-86, the proposed financial consumer protection framework.

As the members of this committee are well aware, banks hold a trusted position among Canadians because of the role they play in the savings, mortgages, loans and investments of all Canadians. Our banks are in a unique position to have a significant impact on the long-term financial security of most Canadians.

Today, financial products are complex, whether they're mortgages, investments or even deposits, such as market-linked guaranteed investment certificates. This means that people go to the bank, not just to conduct transactions, but with the expectation that they will be provided with advice that helps them meet their financial goals and the banks market themselves and their services in this manner.

Trust in banks is vital. It is important.

As you're aware, in 2017 the CBC *Go Public* series on bank employees and the FCAC's domestic bank sales practices report, which was published earlier this spring, found numerous risks of "mis-selling" by banks of products and services to customers.

The FCAC report showed that the retail banking culture is predominantly focused on selling products and services and that consumers' interests were made secondary to those of the bank and their employees and contractors. The report demonstrated the need for strengthened consumer protection for Canadians and their bank dealings.

In our June 9, 2017, letter to this committee, FAIR Canada urged the adoption of a best interest standard for those engaged in providing financial advice to banking clients.

Bill C-86, at section 627.06, introduces a requirement that banks establish and implement policies and procedures to ensure that products and services are "appropriate for the person having regard to their circumstances, including their financial needs".

Among our concerns about this standard is that strict adherence to the proposed consumer protection provision set out in Bill C-86, on consent, no undue pressure, coercion and disclosure, will be seen as being sufficient to meet Bill C-86's appropriate requirement, while the product or service being sold may still not be in the consumer's best interest, given its cost, net return or other factors.

A product or service may be appropriate, but it may still be suboptimal for the bank's customer. We are concerned that this appropriate standard will not advance consumer protection, beyond that found by the CBC *Go Public* series and the FCAC report.

As you may be aware, for more than six years, the security sector has been engaged in trying to strengthen the standard owed to clients beyond that of suitability, given that the suitability standard has not worked in the interests of consumers and clients of securities dealers.

We do not want to spend several years determining what is appropriate for clients of banks, when a clear standard of best interests could be introduced and work for the benefit of bank consumers.

A second area of acute concern to FAIR Canada is the existing consumer dispute resolution system for banking complaints.

● (0910)

Simply put, the consumer dispute resolution system is flawed, both the banks' internal dispute complaint handling systems and the external mechanisms. The FCAC report earlier this year found that:

Weaknesses in policies, procedures and systems for handling complaints limit the ability of banks to adequately monitor, identify and report complaints to management, boards and FCAC.

Externally, as you're aware, the Bank Act's regulatory oversight of external complaint bodies permits multiple external complaint bodies and results in one-sided competition. The banks are able to choose their referee of choice in order to handle customer complaints outside of the bank.

In light of the above, the Bill C-86 updating of the consumer-related provisions in the Bank Act is a critical first step in strengthening consumer protection for Canadians in dealing with their banks. We are optimistic that the government will continue to look at this area in light of the evidence produced by the CBC *Go Public* series and the content of the FCAC domestic retail sales practices report and that further reforms will be considered in the future.

We do want to acknowledge a number of provisions in the existing—

**The Chair:** Mr. Allen, we're a little over your time already. I know that you have some positive points to make about the bill and then some suggestions. Could you breeze through those pretty fast? We're trying to hold people to about five minutes. Go ahead.

**Mr. Frank Allen:** Thank you, Mr. Chairman.

Among the provisions we welcome is the establishment of a board committee to be responsible for consumer provision compliance.

We're also very pleased to see that in the future the term "internal ombudsman" within the internal bank handling systems will be prohibited.

We're pleased to see greater transparency and accountability for external complaint bodies.

The increase in the maximum fines for individuals and banks that contravene the consumer provisions is welcome, and the introduction of the whistle-blower provision is something that we're encouraged by.

I'll ask my colleague Marian Passmore if she could identify a number of areas where we think the effectiveness could be improved.

**Ms. Marian Passmore (Director of Policy and Chief Operating Officer, FAIR Canada):** Just quickly, with respect to the committee that's been created, we would like that to have a specific name. Its duties should include establishing policies, not only procedures, and ensuring that it reviews the implementation and compliance by the bank with the policies and procedures.

With respect to complaint handling, we recommend that the banks should have to report total complaints received, not simply the number and nature of complaints that reach the most senior person, so that a fulsome understanding of the number of complaints that banks are receiving is made public and understood.

We think that there should not be multiple steps that a bank makes a customer go through internally in order to address their complaint. There should be one process, not two. This has been the way that reforms have occurred in other leading jurisdictions. Time periods for internally handling complaints and for external bodies to handle complaints need to be clear, transparent and objective.

With respect to disclosure, we recommend that information about all charges or fees for a product or service be in dollars and cents. We recommend that interest or returns be disclosed on an annual basis.

With respect to the whistle-blower provisions, which we see as a positive development, we strongly recommend that one office be created in order to receive and address whistle-blower complaints and tips, not several bodies or organizations or entities as set out in the bill.

We understand and agree that confidentiality is a critical component, and this should be extended to all individuals who come forward in good faith with information regarding possible wrongdoing. Other authorities or agencies should be subject to the same confidentiality provisions as those binding the office we believe should be created, and assurances of confidentiality should be obtained prior to sharing the confidential information, to protect the identity of the whistle-blower.

Individuals should be able to come forward on an anonymous basis through legal counsel. With respect to protection from reprisal, the office should have the ability and the legislative authority to bring an enforcement proceeding against a bank that retaliates against a whistle-blower. It shouldn't just be that the whistle-blower himself or herself, having lost their job, has a right to pursue litigation against a bank, given the economic power disparity between an individual and the bank. We recommend that there be a statutory right of action and that there be the ability of the office to bring a proceeding, in order to deter retaliatory actions.

Finally, we recommend that agreements that limit an individual's right to report wrongdoing, whether an employment contract, non-disclosure agreement or otherwise, should be deemed unlawful so that individuals have the right to report wrongdoing, and so that they know they have that right and that it's not limited through contract.

Thank you very much for the opportunity to present our views here today.

• (0915)

**The Chair:** Thank you both.

Turning to Teamsters Canada, we have Mr. Benson and Mr. Lacoste.

Welcome.

**Mr. Phil Benson (Lobbyist, Teamsters Canada):** Good morning. Thank you for the invitation to appear before you on Bill C-86.

My name is Phil Benson, lobbyist, Teamsters Canada. With me is Stéphane Lacoste, general counsel, Teamsters Canada.

Teamsters Canada is the largest private sector union representing workers in air, rail, road, bus, couriers and more, in the federal jurisdiction.

I will be briefly addressing the proposed amendments to part III of the Canada Labour Code and Mr. Lacoste will discuss the pay equity act.

Teamsters Canada supports the Canadian Labour Congress presentation and our written submission will follow. The proposed amendments to the Canada Labour Code were a long time coming and we congratulate the government on moving forward. It is a step in the right direction.

The most important change for Teamsters Canada is dealing with contract flipping. The new section 189 will reduce the ability of companies presenting low bids on federal contracts, based on reducing workers' benefits and entitlements under the code, rather than bringing their managerial expertise to improve efficiencies. The proposed changes will not fully address the problems faced by unionized workers at airports, where contract flipping affects bargaining rights, compensation and terms and conditions of employment. Teamsters Canada was very pleased when Minister Hajdu announced the government will move forward with regulations, under part I of the code, to address this problem. Teamsters Canada will participate in all consultations on the regulations and we encourage the government to move quickly in bringing them forward.

Misclassification of employees by employers removes workers from the protection of the code and also creates an uneven playing field for companies. The prohibition and reverse onus on employers provided by proposed section 167.1 will enhance existing legislation jurisprudence. This is an issue especially important in trucking and Teamsters Canada welcomes the change.

Proposed section 173.01 provides some scheduling protection for non-union workers. It is not applicable to unionized workers and even if it were, it would not be applicable to unionized workers falling under Transport Canada power to regulate hours of service in air, rail and road. Fatigue is both a public and a health and safety issue for workers. The Transportation Safety Board placed fatigue on the transportation watch-list.

Teamsters Canada demands that all workers in federal jurisdiction enjoy the full protection of the Canada Labour Code and that the Department of Labour fulfill its mandate to protect transportation workers. Transportation workers work long hours and a major irritant is when a workday is extended, forcing them to work instead of attending family responsibilities, which is a common practice for couriers. Notwithstanding the limitations of proposed section 174.1, the right to refuse overtime to carry out family responsibility is progressive and shows the government understands the pressures placed on workers. Further evidence of this is proposed section 181.1, on page 452 of the bill, dealing with breaks for medical reasons and nursing.

• (0920)

[Translation]

**Mr. Stéphane Lacoste (General Counsel, Teamsters Canada):**  
Good morning.

I will deal with the proposed pay equity legislation in the bill.

It was high time for Parliament to pass a proactive pay equity law. We welcome the government's desire to correct the discrimination suffered by women workers. We also agree with the position of the Canadian Labour Congress and make ours their representations.

We must insist on two points though. In a decision rendered on May 10, *Quebec (Attorney General) v. Alliance of Professional and Technical Personnel in Health and Social Services*, Justice Abella writing for a majority of the Supreme Court of Canada recalled that:

[t]he very premise underlying pay equity legislation is that women have suffered discrimination in the way they are compensated in the workforce.

This observation is well reflected in section 2 of the proposed legislation, but there is also a passage that has no place in a statement of principle such as this one. Teamsters Canada believes that the phrase “while accommodating the diverse needs of employers” is fundamentally at odds with the true objectives of the law and even contrary to the Canadian Charter. The bill must be amended to remove this passage.

The bill must take advantage of Quebec's experience, since the early 2000s, with proactive pay equity legislation. We believe that it would be preferable for the bill to impose a similar obligation to that contained in section 15 of the Quebec act:

The employer, the certified association or a member of a pay equity committee shall not, in establishing the pay equity plan, act in bad faith or in an arbitrary or discriminatory manner, or be grossly negligent of the employees of the enterprise.

It seems to us that government lawmakers should get back to work to include such obligations in the bill.

These two amendments would make it possible to avoid endless litigation and achieve the true objective of the Pay Equity Act.

Teamsters Canada will continue to monitor the development of the bill and work with the minister to improve the situation of women workers across Canada.

Thank you.

[English]

**The Chair:** Thank you both.

Now we have United Food and Commercial Workers Union Canada, and Mr. Hennessy, special assistant to the national president.

Welcome.

**Mr. Mark Hennessy (Special Assistant to the National President, United Food and Commercial Workers Union Canada):** Thank you, Chair.

On behalf of the United Food and Commercial Workers of Canada, I would like to say thank you to the committee for the opportunity to share our perspective today.

Before I put forward some of our thoughts, perhaps it might be good to say a few words about who we are. UFCW Canada is the voice of Canada's food workers. We are one of Canada's largest unions. We are proud and privileged to represent more than a quarter-million hard-working people across Canada, and 1.3 million workers in North America, as we are an international union. About 80% of our membership works in food-related sectors. As we like to say, you can find UFCW members everywhere in the food chain, from the field to the fork.

Also, within our membership, we are very proud to include more than 10,000 members covered within the federal jurisdiction. They are G4S employees at airports. They work at banks. They're workers in the transportation industry, in grain milling, and at many of the Canadian Forces bases across the country.

Today I'm going to focus on the issues of pay equity and changes to the Canada Labour Code. We were very pleased with the announcement of the pay equity act. This legislation will go a long way in helping our members and their families directly. I mentioned that we have 255,000 members across the country, but what I may not have mentioned is that 52% of them are women. For many years, UFCW Canada has advocated for closing the gender wage gap. Specifically, we have recommended pay equity at the federal level as one way to begin addressing closing the gender wage gap.

We do however echo the concerns raised yesterday by the CLC, and we support their call for changes to the amendments to the bill. Very quickly, once again, they are within the purpose clause, which is clause 2. There's a qualifying phrase that says, “while taking into account the diverse needs of employers”. UFCW Canada thinks it should be deleted or amended. We recommend or prefer using some of the language in Ontario's pay equity act as an example.

Two, as for the requirement of unanimity of employee groups on pay equity committees, we would like this to be amended to bring it more in line with the language in Quebec's pay equity act.

Three, regarding retroactivity in pay equity maintenance, we simply echo the comments made yesterday by the president of the Canadian Labour Congress, Hassan Yussuff, asking for amendments that take into account the recent judgment on a similar provision in Quebec's legislation that was struck down.

With regard to the changes to the federal labour code, UFCW Canada was very pleased with the announcements, as were our members who are covered by those changes. In particular, the domestic violence leave provision is an issue that UFCW Canada has long advocated for on behalf of our members. Our members will also benefit from the equal pay for work of equal value and vacation entitlements, just to name two.

Many of these changes will benefit women and newcomers to Canada, many of whom become members of the United Food and Commercial Workers.



However, we also can't leave without mentioning our concern with the announcement on contract flipping, an issue very important and familiar to our members in the security sector and the building services sector. While we are happy with the protections for non-union workers, we do respectfully ask the government to go further by ensuring protections for all workers in the federal jurisdiction, including union members in collective agreements. This would go a long way in achieving fairness for everyone, and would provide stability and employment security for many of our members' families.

That will conclude my remarks for today. I'd like to thank you again for your work and the opportunity to be here.

• (0925)

**The Chair:** Thank you very much, Mark.

Turning to individuals, we have Ms. Hannah, associate professor and chair of the department of political science, King's University College at the University of Western Ontario.

Welcome.

**Professor Erin Hannah (Associate Professor and Chair, King's University College at the University of Western Ontario, As an Individual):** Thank you very much to the committee for inviting me to address you today.

I am an associate professor and chair of the department of political science at King's University College at the University of Western Ontario.

My research centres on international political economy, trade, development and global governance. Recently I have been doing a lot of work on the global gender and trade agenda. I have two collaborative projects with researchers from the U.K., through which we're exploring initiatives that are aimed at achieving gender equality and women's economic empowerment. We're trying to identify best practices and develop policy recommendations on how international organizations in countries like Canada can best pursue gender-sensitive and socially progressive policies.

In this vein I'd like to focus my comments today to the committee on the gender dimensions of Bill C-86, and particularly as they're relevant to international trade.

I'll make four arguments to which I'll return one at a time.

First, Canada is a leader on the gender and trade agenda and many elements of the bill—the gender-based accounting, the pay equity act, and the establishment of a department for women and gender equality—are reflective of Canada's progressive and gender-sensitive approach to trade.

Second, at the same time I'd like to strike both a congratulatory tone and also a cautionary tone with respect to the bill. While these elements can be characterized as auspicious I think we're at risk of over-promising and under-delivering on the trade and gender agenda specifically.

Third, a pay equity act is meaningless for many if trade liberalization is pushing women into increasingly low paid and precarious work.

Fourth, from a budgetary perspective, using trade as a lever for gender equality and women's economic empowerment will require more ambitious commitments on capacity-building and knowledge transfer both in Canada and abroad.

Canada's gender-sensitive trade policy is aimed at supporting women's economic empowerment, it's aimed at closing gaps in welfare distribution, and it's aimed at minimizing the adverse impact of trade liberalization on vulnerable women.

There are multiple such initiatives under way that we can discuss in the question period, but it's fair to say that Canada is at the very forefront of this agenda. In the February budget, as you well know, Canada committed to subjecting its free trade agreements to gender-based analysis plus, or GBA+, an assessment that takes into account gender and other intersectional identity characteristics.

This is very important because, as we know, the impacts of trade liberalization are gendered, especially in terms of employment and wages, but also in terms of job segregation and working conditions, in terms of consumption, and on the provisioning of public services. This also has to include a consideration of how these things have the potential to increase unpaid labour in the household.

Although we know this about the gendered nature of trade liberalization, it's only recently been acknowledged that we need to adopt an evidence-based approach to generating sex-disaggregated data and reliable methodological tools for measuring the gender impact of existing and proposed trade deals.

I'll say again that I think the risks of over-promising and under-delivering on this agenda are quite real.

We're truly at the cusp of establishing best practice in the field. But conducting rigorous GBA+ analysis is best described as ad hoc and aspirational at this time. It's never been applied to a free trade agreement before. That means that this is a really good opportunity for us, and while Canada is using GBA+ to conduct an *ex ante* assessment of its FTA with Mercosur, most experts, including the chief economist of Canada, acknowledge that we lack reliable and sufficiently granular data to fully assess the impact of proposed trade deals.

This means that in the absence of a well-established methodology in sex-disaggregated data, we're relying on anecdotal and voluntary reporting, mainly from businesses, but also from academics and non-governmental organizations, including women's rights organizations.

The government's commitments to fund evidence-based policy on gender equality are absolutely crucial, so this is the celebratory tone. That \$6.7 million over five years to StatsCan to fund a centre for diversity inclusion statistics is absolutely essential. That \$5 million per year to the department of women and gender equality is absolutely crucial. And \$1.5 million over five years to fund coordination among the departments of Finance, women and gender equality, and StatsCan is essential.

The priority of the department of women and gender equality and its new minister needs to be better coordination between all of these agencies.

And further, if we're to make good on our claims about intersectionality in GBA+, then we need data on the impacts of trade agreements on other vulnerable groups in Canada, including indigenous populations.

● (0930)

It's also notable that we've only committed to conducting GBA+ on new trade agreements. This tells us nothing about the gendered impacts of the many trade agreements to which we already belong, many of which are named in this bill.

The pay equity act and the establishment of a department for women and gender equality are among the most exciting, progressive and important dimensions of the bill, and considered in tandem with the gender budgeting act, they have the potential to greatly improve the lives of many women. However, there's a lot at stake if we fail to get the GBA+ right in the field of trade, and this has direct implications for the pay equity act.

I said before that pay equity will be meaningless if, by the same token, we're concluding trade deals that push women into jobs that are precarious and low pay and/or shift the burden of care work more squarely onto their shoulders. Similarly, Canada's approach to negotiating investor protection in deals like CPTPP and CETA, for example, may be considered socially regressive because of the dangers associated with regulatory chill. We need to ensure that investor protections do not curtail government's duties to protect women's rights or work at cross-purposes with other elements of our gender equality agenda.

We could take a minimalist approach. We could take a "do no harm" approach. A minimalist approach is to conduct good GBA+ to simply ensure that new trade agreements do no harm, that they do not increase gender-based or other forms of inequality. This would mean conducting *ex ante* GBA+ using sex-disaggregated data along four dimensions in terms of employment and wages, consumption, access to public services and effects on entrepreneurship.

It's worth noting that most gender-based assessment of free trade agreements focus only on the first category—employment and wages. I think Canada can do a lot better, and focus on the impacts on those other three dimensions as well.

A maximalist approach would have us using trade as a lever for gender equality. This a circumstance where we could conduct both *ex ante* and *ex post* assessments of free trade agreements along those four dimensions. We would look at how proposed free trade agreements would impact women and other vulnerable groups, and

then we would take stock of how existing free trade agreements have been affecting women and other vulnerable groups.

It would involve introducing measures to mitigate the adverse gendered impact of trade liberalization. This is where the buck stops in the bill. We've committed to conducting assessments of the impacts of free trade agreements, but we're saying nothing about mitigating the adverse effects of trade liberalization on women and other vulnerable communities.

We need a proactive approach, an approach that would have us working with our trade partners, and finding ways to use trade in a meaningful way as a lever for gender equality and creating new opportunities, not only for women entrepreneurs but for other women who are engaged in the Canadian economy.

From a budgetary perspective, Canada would be working at home and abroad to engage in capacity-building and knowledge transfer to reduce the barriers to women's economic empowerment and to reduce their precarity.

To conclude, I would say that we're saying all of the right words, and these words are reflected in Bill C-86. We have promised to submit federal budget items to gender and diversity impact assessment. Given that trade is a social justice issue and that trade policies affect women and other vulnerable groups differently and profoundly, this is a welcome move.

If we are to deliver on these words, however, then we have to have reliable trade-related, sex-disaggregated data. We need to take concrete measures minimizing the adverse impacts of trade on women and other vulnerable groups, and we need to identify and fund pathways for using trade as a lever, both for sustainability and gender equality.

I think that successfully delivering on this agenda could really improve the lived experiences of women in Canada and abroad.

● (0935)

**The Chair:** Thank you, Ms. Hannah.

As an individual, our last witness is Mr. Lee, associate professor, Sprott School of Business, Carleton University.

Go ahead, Mr. Lee.

**Dr. Ian Lee (Associate Professor, Sprott School of Business, Carleton University, As an Individual):** I thank the committee for inviting me to appear. I will just note that I don't represent anyone because I don't consult to anyone or anything anywhere. I'm merely a poor professor.

Today, I will focus on only one issue in this mammoth budget implementation bill, and that's the federal deficit of the Government of Canada.

I'm old enough to remember the previous time that the federal government had a balanced budget—in the early seventies. The justification then was the same it is as today: Canada had a large, robust and growing economy that could readily finance the deficit. Indeed, we did, and we do.

This was the seventies, when the boomers were young, there were millions of us and the economy was growing incredibly rapidly. However, as our spending ran ahead of our revenues and government deficits started to grow, inflation crept into the economy and became embedded—or “anchored”, as the governor would characterize it—and the Bank of Canada and the Federal Reserve started to increase interest rates. Rates peaked at 20% when I was a mortgage manager at BMO, one block from here, which is now the building owned by you people for your receptions, the Sir John A. Macdonald Building.

Nonetheless, due to the magic of compound interest, the monetary intervention—which it was—to embedded inflation of around 15%, while brutally effective at killing the metastasizing cancer of inflation, did not address the compounding, rapidly escalating federal debt in Canada, or in the States, for that matter. That required a second massive government intervention 15 years later, a fiscal intervention, which was the unprecedented and largest downsizing in Canadian history—by the Chrétien administration—in laying off 80,000 people.

Both were essential responses to the emergence of deficits that were added to and compounded the national debt and that drove inflation upward and then caused negative blowback from the capital markets, bond markets, currency markets and investment markets.

The purpose of this very brief walk down memory lane is to remind parliamentarians that those who argue that federal deficits are of no concern—because Canada is a very large modern economy with a printing press called the Bank of Canada to print money if necessary—do not fully recognize the danger of compound interest, or sudden unexpected recessions requiring major new government stimulus, or the reaction of capital, currency or investment markets to governments that become heavily indebted. Andrew Coyne developed these arguments more fully in an op-ed about two weeks ago.

However, the strongest rebuttal to my arguments is provided by this response, “Yes, Professor Lee, you're correct about the seventies through the nineties, but that was then, this is now, and those conditions no longer pertain.” This is absolutely correct, and I will now turn to the following.

Indeed, the past 40 years or so were wonderful for most of us, with steadily increasing wages, an increasing standard of living, increasing prosperity, increasing levels of education, and improving health care. Life, at least for the boomers in Canada for the last 30 to 40 years, has been a beach, but now we face dramatically different times than the seventies, times that are much more bleak and foreboding.

The most obvious threat to Canada and the entire western world is the aging crisis, which the IMF has stated in writing will dwarf and greatly exceed the cost of the 2008 financial crisis by many magnitudes. Per the OECD, the dependency ratio in 1968 of seven

workers to one retiree will collapse to less than two and a half workers to one retiree. Today, Florida has the largest average age population of one in four over 65; within approximately 20 years all of North America is going to look like Florida, without the nice weather.

The second related problem of the aging crisis—and this really affects all of you in this room—as confirmed by numerous OECD, IMF and scholarly studies, is that economic growth that generates the tax revenues that Parliament spends is going to decline significantly going forward, at around a 1.5% decline in GDP annually. This is going to reduce the tax revenues available to governments and your degrees of spending freedom.

It gets worse. As the PBO demonstrated in a fiscal sustainability report of only two weeks ago—and this is a direct quote—current provincial government expenditures “are not sustainable” over the long run. In the not too distant future, the numbers demonstrate—as I have predicted on CBC and elsewhere—that the Parliament and the Government of Canada will be called upon to bail out or assist the Government of Newfoundland and Labrador, and/or the Government of New Brunswick.

Per the latest Newfoundland and Labrador budget statement of this year, that government and its 500,000 residents now owe a net debt of \$15 billion, and the Muskrat Falls bills are not fully paid or haven't flowed in yet. By contrast, the City of Ottawa—I know it's not a province and I recognize that, but we're all in Ottawa and I had the numbers at my fingertips—and its one million people, twice as many as Newfoundland and Labrador, owe \$2.5 billion in net debt, with about half of the LRT already funded.

● (0940)

I'm not picking on Newfoundland and Labrador. As the PBO said, none of the current expenditures of any of the provinces are sustainable. For those who object and say that I don't understand that provinces can't go bankrupt, I am not discussing bankruptcy, which is a legal concept. We are discussing solvency, which is an accounting concept. Can the province pay its bills as they become due? Puerto Rico today is insolvent; it is not bankrupt. Detroit was insolvent for many years before it finally became bankrupt.

As I assume that no parliamentarian will realistically refuse to bail out an insolvent province and its people, how will each of you respond to such a request if it means—which it likely will—killing some of the federal projects you want financed? This means we must confront the question of whether we should, can and ought to continue to add roughly \$20 billion year after year to the national debt of Canada, which is reducing our degrees of future spending freedom, while knowing, if we are going to be honest, that bailout demands from some provinces are on the near horizon and will be on your desks in the relatively near future—I predict within five years.

In the words of John Donne, do not ask for whom the bell tolls; it is tolling for thee.

Thank you.

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

Turning to our seven-minute rounds, Mr. Fragiskatos is first.

Go ahead.

**Mr. Peter Fragiskatos (London North Centre, Lib.):** It's tolling for all of us, Mr. Chair.

In any case, I'd like to begin with you, Professor Hannah. Thank you very much for being here and for your outstanding presentation.

You mentioned—and I wrote it down as you said it—that “the impacts of trade liberalization are gendered”. I wonder if you could expand on that. I think it's a very critical point as we look forward to a progressive trade agenda and building upon the achievements of the past two years that we've seen with this government.

**Prof. Erin Hannah:** Thank you very much for the question, Peter, and thank you again to everyone for inviting me to join you today.

We have some large cross-country studies that look at the impact of trade liberalization over time in different sectors. We can look at the impact of trade liberalization in the field of goods, and we have some pretty reliable data that tells us that there is a tendency to widen wage inequality between men and women. We can look at the impacts of trade liberalization on trade in services, particularly where liberalization of services leads to a contraction in the provision of public services, and the ways in which those changes are most felt by women operating or working in the household.

We also know that in some trade agreements we have pretty solid carve-outs for public services. The free trade agreements negotiated by the European Union are pretty distinctive in this respect, but the ways in which trade in services agreements have been negotiated—for example, in TISA, to which Canada is a partner—threaten to eliminate those carve-outs, which some would say would put some public services at risk. Again, the burdens would be felt most heavily by women. With any inclusion of things like standstill or ratchet clauses in trade in services agreements, again, the burdens would fall most heavily on women.

In terms of investment protection, I mentioned that we have to be aware of things like regulatory chill. We have to acknowledge arguments that say, for example, that the way Canada is negotiating in ISDS clauses in some of its trade agreements will have a downward regulatory effect. What this means is that government's hands may be tied in terms of regulating in areas ranging from public health and consumer law to environmental and social protection. Even the United Nations has been talking about this. The Office of the United Nations High Commissioner for Human Rights has acknowledged the chilling effect that investor protections might have.

These are just a few examples of the ways in which trade agreements can adversely impact women.

● (0945)

**Mr. Peter Fragiskatos:** You said also that trade ought to act as “a lever for gender equality”.

I agree with you very strongly. Our government has sought to put that forward and indeed has acted on that in the various trade pursuits we have seen since 2015. Some, unfortunately—certainly not on this side—have characterized this as virtue signalling. What would you say to those who say that using trade as a lever in such a way is virtue signalling?

**Prof. Erin Hannah:** Well, it's quite possible that it could turn out that way. I mean, we are in very early days on this agenda. In many respects, this conversation is in front of the policy, which is partly why it's so exciting.

When we look out into the world, we can see a lot of different gender and trade initiatives that we could look to, but let's think about Canada for a moment. Today I have talked mostly about our commitment to looking at the impact assessment of trade agreements, but Canada has also been more proactive in thinking about how we can integrate positive discrimination, say, in our free trade agreements in ways that would assist women-owned enterprises, for example, and perhaps in procurement policies. Those are some things Canada is thinking about.

**Mr. Peter Fragiskatos:** I'm sorry to interrupt you, but I only have seven minutes and we're halfway through.

There are those who talk about virtue signalling and the idea of gender equality being part of a trade agenda in the sense that it's not even worth pursuing, that really the idea ought to be dollars and cents, making sure that it's all about cold, hard economics. They imply that should be put on the back burner and not to worry about those things.

What is your view on that?

**Prof. Erin Hannah:** This was conventional wisdom in the field of trade until 16 months ago.

Conventional wisdom is that trade is non-discriminatory by nature. That is the fundamental nugget at the heart of the multilateral trade system and all the free trade agreements that we're negotiating. Many economists would make that argument.

However, we know that trade has gendered impacts, and we know that women entrepreneurs and women-owned enterprises need a leg up in order to be competitive in the global economy. Those are two different sides of the equation.

A lot of the initiatives that are under way have been focused on women's economic empowerment. You know that Canada is a signatory to the World Trade Organization's declaration on women's economic empowerment. You know that Canada has a gender chapter in its agreements with Chile and with Israel.

Let's be clear. These things are “best endeavour”. They're promissory, at best. However, they are signalling the importance of linking human rights to the regulation of global trade.

How we deliver on these agendas is what really matters at this point. If we treat it as window dressing and just say the words without following up with real policies that can truly impact the lives of women, then I think those charges would be true. But I feel hopeful that Canada can be a leader on this agenda and will follow through in a way that is meaningful, not only for women but other vulnerable groups.

**Mr. Peter Fragiskatos:** I think the sincerity is there, and it's demonstrated, and we're moving forward in the right direction. However, your points are certainly well taken.

I have about a minute left I believe, and with that I want to ask you a question on coordination.

You talked about it, but I wonder if you could expand on the point. If I take your point correctly, it is that the new minister for women and gender equality ought to coordinate....

Could you speak about how specifically they can coordinate with the Minister for International Development? I think that partnership will be absolutely essential in terms of advancing gender equality on the international stage.

**Prof. Erin Hannah:** That coordination is essential, certainly.

Equally important is coordinating with the Minister of International Trade Diversification, and with the finance minister, because all of this stuff needs to be funded. There needs to be a really close collaboration between those people.

However, it's not Canada alone on this agenda. There's a lot we can learn from our trade partners. When I talk about the importance of developing this methodology, I don't think we should be doing it alone. I think we should be working with our partners in international organizations to standardize a gender-based assessment that can be applied to trade agreements around the world. Wouldn't it be wonderful if we had a lens that we could apply, not only to the impacts in Canada, but that our partners could also apply in their home countries using their data?

• (0950)

**Mr. Peter Fragiskatos:** Thank you very much.

**The Chair:** Thank you all.

Mr. Richards.

**Mr. Blake Richards (Banff—Airdrie, CPC):** Thank you.

I appreciated the presentations from all of you.

Mr. Lee, you had made some comments about the deficit and your concerns about that. I share those concerns. You focused mainly on the concerns you see as a result of situations in provinces and what that might mean for the federal government if there needs to be a bailout.

Obviously the federal government has made some decisions that have put it in a deficit as well, even though just a few short years ago it was left with a surplus coming into office. We're in a time where globally, the economy is in a pretty good spot.

I'm curious what your thoughts are on the situation that the federal government currently finds itself in terms of the deficit being somewhere in the neighbourhood of about \$20 billion in a relatively good time. In your opinion, is there ever an excuse for a government, during a non-recessionary period in the economy, to be running deficits, especially ones of that magnitude?

**Dr. Ian Lee:** Thank you.

First, I'm not from that camp, and I don't think any reasonable person is, that the Government of Canada cannot afford a \$20-billion deficit. Of course it can. There's no question about it. It has an enormous fiscal capacity. The PBO has documented that.

We don't need to read the PBO report; we just have to read the monetary policy reports, as I do every six months, that are published by the Bank of Canada. The numbers are laid out. Or, if you read the

IMF outlook on Canada or the OECD outlook, these studies corroborate each other.

It's not a question of whether we can afford it; of course, we can.

**Mr. Blake Richards:** The question is, should we?

**Dr. Ian Lee:** The question is, ought we? Should we? If you assume, as I do—and I don't think it's a big assumption—that public resources and public revenues are scarce and they're not infinite.... You have a finite amount of revenue, and as Aaron Wildavsky, the late great dean of public policy at Berkeley said, government is about making choices.

Budgets are about making choices, and right now, yes, I am very critical of pouring \$20 billion into the economy. We're stimulating in this country.... The Government of Ontario has been running a significant deficit for many years. I'm talking post-recession, post 2008-09. The Bank of Canada has had rates—monetary stimulus—at historically unprecedented low levels, and the federal government has been pumping it in throughout that period, so here we are, to use a metaphor, pouring gasoline on a roaring fire.

I'm not a purist who says not to put gasoline on a fire to get it going, although it's probably not very environmentally responsible, but I don't see the need once the economy.... We're going flat out right now. The economies of the U.S. and Canada are just going gangbusters, so there's no justification. This isn't some kind of ideology. This is straight out of John Maynard Keynes, the great liberal macroeconomist at Cambridge, who made that argument. You go into deficit when times are bad, when the economy goes off the cliff, as we did in 2008-09, and you run up surpluses when the economy is doing strongly.

In past recessions, we did it: in 2008-09, 1990-91 and back in 1980-81. Those were appropriate. I'm not a person who says that governments should never run up a deficit. When they go into a recession, yes, but there's no justification right now. There is no academic, scholarly, theoretical or pragmatic justification for running a significant deficit.

My other concern is that we are reducing our degrees of freedom in the future, because resources are finite. They're not infinite, and if they're not infinite, then that's money we're spending that we're not going to have available down the road to spend on something else.

**Mr. Blake Richards:** Right. I have a two-part follow-up to that.

First, you mentioned the 2008-09 recession and the fact that there was a need at the time to stimulate the economy, and that obviously meant deficits for that period of time. Of course, then, the government made the effort that was required to come out of that, but prior to that as well, the government that was in power, the government that I was later a part of, was running surpluses and paying down debt in that period of time. Is that something you advocate? During a good period of time, should we be trying to pay down the debt? That's the first part.

The second part when we're looking at the situation is that you've mentioned good times and running a deficit, and of course many people have talked about what that means if and when we do experience another downturn or a recession. For instance, the recent paper that the Fraser Institute put out indicated that if we were to see a slowdown like the 2000-01 variety, we would run deficits of about \$50 billion if the circumstances were the same. Of course, if it's like the 2008-09 recession, that would be even more serious in terms of the numbers for the deficit. Obviously, we're seeing the path that the government is on now, with people are saying that they wouldn't be able to balance the budget until 2045. What I'm asking there is whether that is something that we should really be concerned about as well, and why?

There are two parts there.

• (0955)

**Dr. Ian Lee:** There are two or three questions in there.

I know that there are some people who think that deficits and national debt are bad. I simply don't subscribe to that. I think there's a very substantial body of economic theory that would argue against that. It's not the idea that there is a national debt or a deficit; it's partly whether there's a need for it. Right now, there's no need for it.

To deal with your larger question, when you are not running up surpluses, again, it's not about paying off the deficit or being very ideological, if you will, about paying off the deficit or the debt; it's that you are reducing your degrees of freedom for the future. That's my biggest argument that I want to make to parliamentarians today. You may think that this is free of consequence, but it isn't, because what we're doing is reducing our degrees of freedom in the future when—who knows?—we have to bail out the next automobile company in the next recession.

I'll say very quickly that this is the second-longest recovery in economic history in Canada and the United States. We are already on statistical borrowed time, if you will, before the next recession. When it comes, we're going to have to stimulate. It could be 2% of GDP or it might be 3% of GDP, but it's going to be very significant, because there's an expectation that governments have to do something. Then we're going to be looking at \$20-billion deficits like they were nothing. We're probably going to be looking at deficits of \$50 billion, \$60 billion or \$70 billion in the next recession. Again, then along comes the problem with the maritime provinces that are the most challenged, so we have some crises down the road. Also, tax revenues are going to start to fall as the growth rates start to decline because the boomers are all heading off into the sunset.

The economy of today and the growth of today are not going to be there in two, three or four years. We are facing a structural transformation over the next five or 10, 15, 20 or 30 years, but we're spending like there are not going to be any changes occurring.

**The Chair:** We'll have to end it there.

**Mr. Blake Richards:** Thank you.

**The Chair:** Mr. Julian, go for seven minutes, if you could.

**Mr. Peter Julian (New Westminster—Burnaby, NDP):** Thank you very much, Mr. Chair.

Thanks to all of our witnesses.

As a number of witnesses have indicated—Mr. Hynes in this panel—this budget bill is badly flawed and has been rushed through Parliament. We've been given a few hours with witnesses, and we really appreciate your coming forward.

Today, witnesses have identified a whole variety of flaws. The government has given absolutely no indication that it will do anything other than bulldoze this through in a few hours, a week from next Tuesday. The special handcuff legislation it brought in means that anything that hasn't been amended is simply adopted full scale at the end of the day. It's a ridiculous approach to policy-making.

Mr. Hynes, thank you for your comments.

The Speaker has rebuked the finance minister for doing this. Certainly Mr. Trudeau promised that he would act differently from Mr. Harper. This is twice as bad as anything Mr. Harper pulled. We have to try to adjust these incredible flaws.

I'd like to start by asking Mr. Benson, Monsieur Lacoste and Mr. Hennessy about pay equity. You raised very important issues about the flaws in the bill.

[*Translation*]

Mr. Lacoste, you said that the two amendments you proposed would avoid endless litigation. You fear that women will be forced to go back to court if this bill is passed as it stands.

[*English*]

My question to the three of you is this. What happens if this government just rams through this legislation without making the essential changes that you and so many other witnesses have suggested?

[*Translation*]

**Mr. Stéphane Lacoste:** Thank you for the question.

Effectively, in our opinion, the few changes we are proposing are essential, as this would save time. We have seen, for example, that Quebec's pay equity legislation has given rise to many challenges in the courts. We could now take advantage of this experience and avoid making these mistakes again.

I'm thinking in particular of the wording of clause 2, from which I recommended that the words “while taking into account the various needs of employers” be removed. Indeed, if these words remain, they become an interpretive tool for the entire proposed legislation, which is contrary to the spirit of such legislation and to the Constitution, for the reasons to which I referred and presented by Justice Abella in a Supreme Court decision.

The purpose of such legislation is to restore balance and justice. Women workers have the right to be paid based on the fair value of their work on the same basis as their male colleagues. If these words are included in the proposed legislation, they will have the opposite effect and will serve those who oppose such a rebalancing exercise, essentially employers who do not want to pay women what they should receive. So there will be legal challenges that will go all the way to the Supreme Court in I don't know how many years, eight, ten years, before a final judgment is rendered that will confirm that we were right. There is no reason why these words should be included in the proposed legislation.

The situation is the same with respect to retroactivity of payments as part of the process. My colleague Mr. Hennessy and the CLC talked about it. The Supreme Court has just rendered a decision on this issue, the same one I was referring to last May. This court ruled that Quebec's legislation was unconstitutional and contrary to the Canadian Charter of Rights and Freedoms because it did not allow for retroactive payments. However, the bill contains provisions that say exactly the same thing, and there is no reason to justify it because it forces us to restart at the federal level the debate that was held at the provincial level.

These few changes, like what I had written on the issue of good faith, are basic principles. If this is not clearly reflected in the proposed legislation, the obligation to do something and whether or not it is a fault will be debated in court.

•(1000)

**Mr. Peter Julian:** Thank you.

[*English*]

Mr. Hennessy.

**Mr. Mark Hennessy:** Quite simply, we have a duty to represent our members, and so if it goes through, we would be back in the courts representing them and challenging it there, just as Stéphane mentioned.

**Mr. Peter Julian:** Thank you very much.

The constitutionality of that clause has been challenged by a whole variety of witnesses. A government member said that the opposition was incoherent. I think what you're saying today is extremely coherent, and the government should be listening.

I want to go to Mr. Hynes now. You were very critical of this omnibus legislation, as the Speaker and so many of our witnesses have been. Is it possible, given the size and scope of this, to simply spend a few hours on amendments?

**Mr. Derrick Hynes:** It's challenging. It certainly poses challenges to us. The two provisions on which we've come to speak today are major provisions in this bill. They are the result of a consultation that predated the bill. It would be more helpful, I think, if we could have the time to unpack some of this.

As my colleagues have done, we will have some specific recommendations around clauses with which we have some discomfort. We will submit them to you in writing. We're still consulting on that within our own stakeholder community.

**Mr. Peter Julian:** The clause deadline is in just a few days' time.

**Mr. Derrick Hynes:** Yes. That's challenging—

**Mr. Peter Julian:** The government is giving you no time at all, really. They have to be submitted by next Thursday.

**Mr. Derrick Hynes:** May I speak to the previous question?

**Mr. Peter Julian:** Yes, very briefly.

**Mr. Derrick Hynes:** With regard to the recommendations that have been put forward, to which you have acknowledged there has been pretty clear consensus, I would challenge some of them on behalf of the employer community. Again, we're still sort of socializing some of this, but proposed section 2 in clause—

**Mr. Peter Julian:** I'm sorry; I'm running out of time, and I do have to move on.

To Mr. Allen and Ms. Passmore, you raised acute concerns about the flaws in this legislation. Are you able to present us with amendments in a few days' time? We really need them by the beginning of next week, given the government's bulldozer to try to push this through. I'll be presenting amendments on behalf of the opposition.

How concerning is it that the government is refusing to heed the many voices wanting to address the flaws in this bill?

**Mr. Frank Allen:** Well, we regard a number of the provisions in the bill as being improvements and as moving forward. Our concern is that banking is such a vital function, further improvements would benefit bank customers and consumers.

Our organization is a lean organization. We will do our best to contribute to the discussion and try to feed into the consideration of the bill, but obviously the limited time is a constraint.

•(1005)

**The Vice-Chair (Hon. Pierre Poilievre (Carleton, CPC)):** Mr. Julian, you have 33 seconds left.

**Mr. Peter Julian:** Oh. That's—

**The Vice-Chair (Hon. Pierre Poilievre):** No, excuse me; you are over by 33 seconds.

It's kind of like the difference between a surplus and a deficit.

Mr. Fergus.

[*Translation*]

**Mr. Greg Fergus (Hull—Aylmer, Lib.):** Thank you, Mr. Vice-Chair.

I have two questions, which are for Mr. Brown and the Teamsters representatives.

Many thanks to the witnesses for their presentations and their testimony. It was very interesting.

Mr. Brown, you raised the fact that the Canadian Alliance of Student Associations had a particular perspective on the issue of fair dealing for educational purposes. In your opinion, it is important to keep the system defined by the Supreme Court in 2012. Could you tell us more about that?

[English]

**Mr. Adam Brown:** It's important that students have the affordability that is necessary to be able to afford quality materials in the classroom. It's a concept that is being implemented in some provinces more than others. Essentially, the affordability for students to be able to save money on textbooks, and also for professors to be able to access many diverse perspectives and resources to be able to present to students in their classes, is crucial to the quality of learning in post-secondary institutions across the country. I took a political science course on aboriginal people in politics, for example. That course was entirely based on papers and videos and different materials that were essentially pulled by my professor. I didn't have to pay for textbooks.

It makes things much more affordable for students, but it is worth touching on the quality of those materials as well.

[Translation]

It's good for students to have access to a variety of perspectives. It helps them to learn how to deal with them on specific topics. I hope that answers your question.

**Mr. Greg Fergus:** Yes.

If I understand correctly, you aren't against the idea of paying a certain amount, you aren't asking to be able to copy works in their entirety, and you think it would be useful to maintain this exception for educational purposes by paying limited fees. Is that correct?

**Mr. Adam Brown:** Yes, that's it.

It's not that industries are starting to lose a lot of money because of restrictions. Post-secondary institutions spend more than \$1 billion per year on educational materials, which means that the educational resources sector is still very active. It's just better for students, since it's more affordable.

Sometimes, when an institution starts investing more in equipment, it will charge students for these expenses through incidental fees, over which students have no control. So, having government assistance on this issue would be greatly appreciated.

**Mr. Greg Fergus:** Thank you very much, Mr. Brown.

Mr. Lacoste, thank you very much for your presentation. I appreciated your organization's point of view.

In your testimony this morning, you said that Teamsters Canada believes that the phrase "while accommodating the diverse needs of employers" is fundamentally at odds with the true objectives of the legislation and even contrary to the Canadian Charter of Rights and Freedoms. You added that the bill must be amended to remove this passage. You talked about Quebec's experience and, toward the end, you said that these amendments would make it possible to avoid endless litigation and achieve the true objective of the Pay Equity Act. Could you explain how?

•(1010)

**Mr. Stéphane Lacoste:** Thank you for your question, Mr. Fergus.

Yes, the real purpose of legislation like this is the one that Justice Abella mentioned, and which I quoted to you. It's about restoring justice to allow women to be paid what they should be paid based on the value of their work in the same way as their male

colleagues in similar positions. No system will ever be perfect in its way or methodology to achieve this. We know it's difficult. In this regard, the bill is very good, because it allows us to move forward.

However, this part of clause 2 you mentioned has no place. It is a concept foreign to that of pay equity. Pay equity legislation aims to restore justice and end discrimination, which is unconstitutional. Indeed, the latter provides that laws must protect people—in this case women—against discrimination.

However, the passage you quoted has no place in a clause like this one, nor in light of the principle of such legislation. This legislation isn't for employers; it's for women workers. Of course, in all this, we must take into account employers and how their companies operate, but employers aren't the ones who need protection, it's workers. The purpose of passing this legislation is to protect them and give them what they are entitled to, as quickly as possible, in a process that is as correct and satisfactory as possible, although not perfect. Including this passage in clause 2 is at odds with these principles.

What it also means—and I'm speaking more as a lawyer here—is that when it comes to interpreting a law, lawyers consult certain sections, such as section 2, under the heading "Purpose", to understand the purpose of the legislation. These provisions then serve as a tool for interpreting the entire act. In this case, the inclusion of this passage in clause 2 somehow pollutes what should be a human rights act. Every time this interpretive tool is used to reduce the rights of women workers, it will be contrary to the Constitution, as the Supreme Court told us in its decision last May on the case involving the Quebec legislation.

**Mr. Greg Fergus:** Do I have time to ask a quick question?

[English]

**The Chair:** You are over time, but we'll allow it.

[Translation]

**Mr. Greg Fergus:** I would like to hear Mr. Hynes' point of view, because I imagine it is a little contrary to what we have just heard.

Mr. Hynes, please go ahead.

[English]

**Mr. Derrick Hynes:** It's not the same, and thank you for the opportunity to speak to this issue.

I'm concerned about potentially overdramatizing this clause and making some strong assumptions that this clause will automatically end up at the Supreme Court of Canada.

I think what the government is trying to accomplish in this clause is not to prohibit females from being paid equitably. I think what this clause recognizes is that there is a diversity in the employer community. What we're striving for in the presentations we put forward is flexibility in the way that this is delivered. That's not on the outcome, but in the mechanisms and the mechanics of actually doing this within organizations that are large and complex and are not all the same.



When we think about things like defining what constitutes the establishment, things like access to short-term, highly skilled and what is largely very expensive labour, the use of comparators—internal versus external—the point we've been making all along around this desire for some flexibility is an allowance that would give employers, within the construct of the act, a way of achieving the same outcome but maybe not using the exact same mechanics to get there.

I don't think this clause necessarily dilutes the entire act. I don't think this necessarily takes us directly to the Supreme Court. I challenge those assumptions.

**The Chair:** We'll have to leave it there.

Before we go to the five-minute rounds, starting with Mr. Poilievre, members have a budget before them, which is to do a study on Bill C-86, a second act to implement certain provisions of the budget tabled in Parliament on February 27, 2018 and other measures.

The amount of money requested, basically for witnesses to attend the hearings that we've already pretty near completed, is \$30,100.

Do I have a motion to that effect?

Mr. Julian.

•(1015)

**Mr. Peter Julian:** Thank you, Mr. Chair.

I have a quick question. How much has been expended to date with the witnesses we have scheduled or the witnesses who have already come before us?

**The Chair:** I'm not sure on that amount.

As you see, we're talking about persons from Yellowknife, Toronto, Calgary, Vancouver, Montreal, Halifax, Winnipeg, Regina and others, and video conferencing. Normally the amount requested for the study would be for more than we'll need. We won't spend that \$30,000.

It doesn't answer your question directly in terms of what we've spent, because I really don't know.

**The Clerk of the Committee (Mr. Alexandre Jacques):** For instance, we've only had one video conference, and we don't think we'll have another one. That's just an example. We planned for four, and we've only had one.

This is all going to go back to the global envelope of committees.

**Mr. Peter Julian:** That's unless the committee changes its mind and requires more witness study, which I believe we'll be considering at our next meeting.

**The Chair:** Okay, I'll call the motion.

(Motion agreed to on division)

**The Chair:** On to five-minute rounds, Mr. Poilievre.

**Hon. Pierre Poilievre (Carleton, CPC):** Dr. Hannah, you suggested that governments need to take action to mitigate the damage that free trade, in your view, causes to women.

I found that approach rather surprising, given that the data points in the opposite direction. In countries where there is more free trade, women, minorities and the less fortunate are all significantly better off than in countries where there is limited trade.

For example, the highest life expectancy in the world for women, according to the World Bank, in a document entitled, "Life expectancy at birth, female (years)" is, incredibly, Hong Kong, a place with one of the highest population densities on planet earth, with no natural resources whatsoever—they even have to import their own water—where you have a space that is a fraction of the size of the city of Ottawa, with eight million people clustered and sharing space. There, female life expectancy is 87 years old.

What is interesting is that for men it's only 81 years old, so in terms of inequality between the sexes.... We see that women in this jurisdiction actually live longer than in other places. Hong Kong, of course, is the freest economy in the world and has the most free trade. It has almost no tariff barriers whatsoever, almost no quotas and a very limited and simplified tax regime.

I don't just point to this example. The top 10 countries in life expectancy for women are: Hong Kong; Japan; Macau, a jurisdiction within China; Spain; France; South Korea; Bermuda; Singapore; and Switzerland. All of them are actually free-trading nations and almost all of them are free market economies.

So I'm wondering why you seem to think that free markets and free trade are bad for women when, at least when it comes to life expectancy, the data demonstrates precisely the opposite.

**Prof. Erin Hannah:** I think you've misunderstood me. I am not making a normative or a blanket statement about the benefits, the virtues or the dangers of free trade. Sometimes free trade does very good things for people, sometimes free trade lifts people out of poverty, sometimes free trade empowers women economically, sometimes it closes the gender inequality gap. Sometimes, however, free trade has adverse consequences.

The point I'm trying to make today is that we need better data about the circumstances under which free trade has adverse consequences, and we need a strategy for mitigating what those consequences might be.

The other point that I'd like to caution against is the tendency to talk about women as economic actors only. Women are certainly economic actors. Women are workers and consumers, but women are also carers. Women are engaged in formal economies, and women are working in informal economies.

We don't have good data about how trade liberalization impacts women in informal economies and how it impacts the work they do in the home. It's an indisputable fact that an overwhelming amount of social reproductive labour falls on the shoulders of women, so we need studies and data about how services liberalization, for example, impacts the social reproductive labour that takes place in the home.

•(1020)

**Hon. Pierre Poilievre:** If our goal is to end poverty, shouldn't we be trying to open free markets? That seems to be what has ended poverty for hundreds upon hundreds of millions of people. Look, for example, at China. In the late 1970s, the Chinese government represented 100% of GDP, and that led to the biggest famine in the history of humankind. Since that time, the share of the Chinese economy represented by government has dropped to about 33%, stock markets and private property have been legalized, and the government has allowed free enterprise zones. As a result, approximately 800 million people in 35 to 40 years have been lifted out of extreme poverty into the middle class.

If our goal is to end extreme poverty, which we all agree falls disproportionately on women, then ought we not to be promoting free markets and free trade?

**Prof. Erin Hannah:** I'm not making a statement about whether free trade lifts people out of poverty. Sometimes it has the potential to do that. Free trade has the potential to do lots of good stuff, but we need to make sure governments have appropriate regulatory powers to protect their citizens when bad things happen: when there are import surges, when there are price fluctuations and when there are unexpected consequences that come along with more open markets.

To give you some concrete examples, there are already explicit carve-outs in existing trade agreements that make tools available to governments to protect human life, plant life, the natural environment and so on. There should also be explicit carve-outs available to promote gender equality if a government so chooses.

Please don't misunderstand me. I'm not saying there is no potential for free trade to have a positive impact on poverty. In fact, I would make the opposite argument. However, we need better policy, and to have better policy we need better data. We need better collaboration with our trade partners and with the international organizations to which we belong.

Of course, a major priority of the current government is women's economic empowerment. That's only a very small part of the story that, I think, is important; the work we're doing on women's economic empowerment needs to look at a bigger picture of who the women we seek to empower are.

**The Chair:** Okay.

We'll have to end it there. That's a really interesting discussion.

Ms. Rudd.

**Ms. Kim Rudd (Northumberland—Peterborough South, Lib.):** It is a very interesting discussion, and thank you all for coming today.

For your information and the record, my colleague Mr. Julian brought up the few days there is left for you to make your submissions. I'm just confirming with the clerk. You have until November 15.

There are a couple of things. First of all, I want to follow up on Mr. Poilievre's comments about poverty, and the goal of moving people out of poverty and into the middle class. As you know, our government's done a number of things, and it flows back to Ms. Hannah's comment about data.

Whether it's the Canada child benefit, the increase to GIS for vulnerable seniors or the Canada workers benefit, as I listen to Mr. Lee and the talk about eliminating the deficits, I wonder where he cut. One of the things that help governments decide where to put those resources is data. It's one of the things we certainly recognized, when we came into government, as something we needed to improve. As you know, the long-form census was cut, and now it's back. That's helpful, but it's going to take time to build that dataset again.

You mentioned some studies and other things, but can you give us some suggestions about what you think is the most useful direction, where that data might best come from and maybe what it should be focused on?

•(1025)

**Prof. Erin Hannah:** Very recently I was at the World Trade Organization Public Forum, and the gender and trade agenda was a big theme. Canada's chief economist was on a panel precisely on this issue, talking about data. One of the things she said was that one of the best things, and the farthest from where we are right now, is having these big sets of panel data at the individual level that can be tracked over a long time to see the long-term impacts, not just on households, but on individuals within households. That's blue-sky thinking at this point, but some of the funding that's included in the budget could go some distance to meeting those aspirations.

I said earlier, Canada's not in this alone. We're not the only country that's trying to do this. The gender and trade unit from the U. K. was just here last week talking with the Ministry of International Trade Diversification precisely on this issue, because everyone's trying to get this right. Similarly, international organizations such as the United Nations Conference on Trade and Development are also trying to get this right. They've developed something called a gender tool box, which is studying precisely this: the impact of potential free trade agreements on countries. In that case it's only been tested in west Africa, so it's looked at the economic partnership agreement between the European Union and the East African community to see what the impacts would be.

I have a host of criticisms about that, because it's focused only on the formal economy and only on women as economic actors, and so on. Everyone's groping around in the dark on this issue. Unfortunately, I don't have the answers except to say there needs to be a multi-dimensional approach. Like I said to your colleague, we need to think about employment and wages, certainly, but also about impacts on consumption of public services. Also, we need to start thinking beyond women entrepreneurs and women as economic actors, and instead think about the multiplicity of roles that women play in the economy.

**Ms. Kim Rudd:** A holistic approach, if you will.

Thank you very much.

Mr. Hynes, I want to give you an opportunity. I was listening carefully. Mr. Julian asked you a question and then went to someone else. Would you like to continue that thought?

**Mr. Derrick Hynes:** Yes, I think it was around flexibility.

**Ms. Kim Rudd:** Correct.

**Mr. Derrick Hynes:** Some concerns that have been raised in front of this committee over the past week are around the whole issue of acknowledging the diverse needs of the employer community and flexibility within the system. Certainly, that is something we have long advocated for, in the context of being supportive of the concept of pay equity. I think the government, to its credit, acknowledged this with that clause and with a clause further on in the bill around the minister's authority to create some exceptions and exemptions.

We're not advocating for an ability to get around responsibilities, but rather for an ability to create mechanics within the system that work in a respective organization, acknowledging that not all organizations are the same.

**Ms. Kim Rudd:** Thank you.

**The Chair:** We'll go back to Mr. Poilievre.

**Hon. Pierre Poilievre:** Dr. Lee, thank you very much for being here today. Can you just give a basic lesson on where government gets its borrowed money?

**Dr. Ian Lee:** Okay, but I wasn't expecting that. I don't want to go deep into the weeds, but without getting into things like monetizing the debt and that sort of thing, governments borrow their money, although they don't have to. I'm talking about federal governments, sovereign governments. We have a printing press called a central bank. I'm not even including countries in the European Union like Greece, which don't have their own central banks anymore. I'm referring to countries like Canada, the U.K., Japan, and so forth.

**Hon. Pierre Poilievre:** Generally speaking, just give us an example from an average year.

**Dr. Ian Lee:** We're talking sovereign borrowers, governments, not subnational governments, because they don't have—

**Hon. Pierre Poilievre:** You got it. The Government of Canada, how does it borrow money?

**Dr. Ian Lee:** The Government of Canada raises money in the bond market.

**Hon. Pierre Poilievre:** So does it sell bonds?

**Dr. Ian Lee:** It sells bonds in the capital markets to pension funds, hedge funds, wealth funds and so forth. Money in the real economy, however, is being paid for those bonds, that is to say, they're not being printed, as I used the phrase colloquially. It's not being monetized.

• (1030)

**Hon. Pierre Poilievre:** Right, hedge funds, wealth funds...so you have to have wealth, then, to buy these bonds.

**Dr. Ian Lee:** Somebody has to have the money to pay for those bonds, yes. Not someone like me—someone who's wealthy.

**Hon. Pierre Poilievre:** Someone who's wealthy, so we owe the debt to wealthy people.

**Dr. Ian Lee:** Or corporations or investors.

**Hon. Pierre Poilievre:** And corporations or investors are probably all wealthy also. Do working-class people pay interest on that debt when they send tax dollars to Ottawa?

**Dr. Ian Lee:** Well, certainly the government does pay interest on the debt.

**Hon. Pierre Poilievre:** Does that include working-class people who pay taxes?

**Dr. Ian Lee:** It includes anyone who's paying taxes, for sure.

**Hon. Pierre Poilievre:** The reason I'm curious about this is that the people who advocate deficits all the time are also the same people who claim with hand on heart that they're so concerned about the gap between rich and poor. However, they don't seem at all concerned about taking tax dollars from working-class and poor people and giving them to wealthy people in the form of higher interest on national debt. Does this strike you as at all ironic?

**Dr. Ian Lee:** I see where you're going. That isn't my concern, if you're asking me that. I have different intellectual or analytical concerns. Those wealthy corporations or individuals have to, of course, pay taxes, file annual tax returns. They pay personal income taxes or corporate income taxes on those revenues or on their net taxable income, so it does come back in the circular flow.

**Hon. Pierre Poilievre:** Those people who are worried about social justice and the separation between rich and poor ought to start thinking about why we force the working poor, the working class, to give of their money so that extremely wealthy people can get guaranteed returns on their investment in the Government of Canada.

**Dr. Ian Lee:** If we're having a back-and-forth conversation, I understand your point, but that wouldn't be my principal argument. My principal argument is that when times get tough and we have to make adjustments—like the fiscal interventions, as I call the 1995 Chrétien decision, which I strongly supported, or the monetary interventions of the early 1980s by Paul Volcker and by the Bank of Canada—it falls disproportionately on low-income people and minorities. They're the ones who pay the burden of the adjustment, because they have fewer resources, less wealth and less resilience.

**Hon. Pierre Poilievre:** Right.

**Dr. Ian Lee:** They are the people who pay the price.

**Hon. Pierre Poilievre:** In the lead-up to that crisis, working-class people are shovelling more and more money to the wealthy who can afford government bonds. When the crisis actually hits, then again, those working-class and poor people are the people who suffer the most as a result of the adjustments that are needed to save the country from bankruptcy.

**Dr. Ian Lee:** That's because of the adjustments, cutbacks in programs, layoffs of people who are employed, that sort of thing. That's where the adjustment falls.

**Hon. Pierre Poilievre:** In light of these facts, maybe it's time we look upon—with a little more suspicion—those people who tell us that they are concerned about income inequality and poverty, and propose as their solution to it borrowing more money from wealthy corporations and powerful individuals.

**Dr. Ian Lee:** Again, I see your point, and to continue this quick back and forth, I was trying to impress today on the parliamentarians here—every one of you—that this is not just a theoretical debate. It's going to fall on your desk on the day that one of those provinces contacts the Government of Canada for financial assistance because they are no longer able to pay their bills as they become due. It will probably be health care bills, because they are about 50% of provincial spending in every provincial jurisdiction.

It's not going to be theoretical. It's going to fall on the desk of every member of Parliament and senator when that day arrives, and it's not in 50 or 100 years.

**The Chair:** As the witnesses can see, we have some wide-ranging discussions in this committee from time to time, but that was a good one as well.

Mr. Sorbara.

**Mr. Francesco Sorbara (Vaughan—Woodbridge, Lib.):** Thank you, Mr. Chair.

Welcome everyone.

Looking at the BIA legislation, we've heard some really good commentary on the changes to the Labour Code. This is the first time in a generation, or maybe two generations actually, that a government has made substantive and, what I would call, well-needed changes to the Labour Code.

However, as Mr. Hynes commented, we need to be careful, because we need to ensure competitiveness of our industries, whether they are federally regulated rail carriers or telecoms or banks. We also need to be fiscally prudent, because the folks working for the federal government are paid by an individual called the taxpayer. We need to be prudent about that.

I believe we struck a good balance on those measures. You can haggle about some of the details or measures, but I think, all in all, we have struck a really good balance, and we need to be proud of that.

I want to turn to the Teamsters.

There is an issue that I have spoken to you about—Unifor, as well—on contract flipping, contract retendering, which is basically outlawed in the U.K. and in several jurisdictions.

What else is needed in this legislation to make sure we are not be in a situation where workers' rights are basically stripped away?

•(1035)

**Mr. Phil Benson:** The first comment is that to be very clear, part III of the Labour Code will not affect FETCO too much. Most of the large federal employers are unionized, and part III of the Labour Code deals with bedrock, base-level, non-union workers.

There are provisions in the code...and we welcome the changes. Funnily enough, I happened to work during the Arthurs commission to look at that. It's long overdue, and we thank the government for bringing them.

The contract flipping issue will be in part I of the Labour Code amendment. It is sorely needed. It disrupts life. It makes business less efficient. It's not really appropriate.

The one I would want to turn to in making things better would be the scheduling issue. Scheduling affects transportation workers. They are the people who drive trains, buses, the pilots. They are the people who move the stuff.

Because of a subrogation agreement with Labour Canada, Transport Canada sets those hours. So notwithstanding the clause that says this doesn't apply to collective agreements, it wouldn't apply anyway.

When I talk about fatigue, the major issue is this. We know from science that the workers who work these hours have cognitive damage, disease, social consequences. Transport Canada can't look at that, because their mandate is an efficient system and public safety for companies.

This is something that has to be fixed.

**Mr. Francesco Sorbara:** Thank you. I do want to move on, because there are other folks I'd like to get to.

One of my siblings is a member of the UFCW and has been a member of the union for a long time, I think over 30 or 35 years. The industry has changed. The grocery industry, if I can speak to that, has drastically changed in Canada. We've led on the federal side with legislation on changes to the Canada Labour Code.

Unfortunately, in the province of Ontario, Premier Ford has basically come in and stripped away the rights that workers earned and deserved in the last changes he made in his government. It's really unfortunate to see. I do need to make that point, because it's really taking workers' rights back in time, not forward, which we should be doing. That's the way we should build Canada, not in the way his government is doing.

I will turn to Mr. Lee.

Ian, I've always enjoyed your presentations here at committee. I've been on the committee since the beginning of our government. You know, we live in a really wonderful world. We have the best of all worlds, and sometimes the worst of all worlds. Global poverty is at record lows. Poverty in Canada has been trending down since the 1960s with the introduction of old age security, health care and GIS. We brought in the Canada child benefit. We've done a lot of measures, including a 10% increase in the GIS.

On trade, I agree with Mr. Poilievre to a certain extent. Trade tends to lift all boats. There are some losers, but it has reduced global poverty to what I would say are continuing lower levels.

What do you think of our government's trade agenda? Then we'll move on to the debt and deficit numbers afterwards.

**Dr. Ian Lee:** I've strongly endorsed it. You know, you've closed the deal on CETA. It was negotiated by the Conservatives, but you closed it. That's an extremely important deal, with 500 million high-income consumers. There are those in unions who say we shouldn't be negotiating with middle-income or low-income countries, to use the World Bank typology, so that was an important step forward.

The TPP was an important step forward because over half of the world is Asia-Pacific now in terms of GDP and opportunities. The new NAFTA, as I like to call it—the acronym is just too difficult for my old brain to remember, so I'll call it the new NAFTA—is yet to be determined. We don't even know what the new Congress is going to do. I do think it's a fifty-fifty proposition at best, so we won't.... Maybe in a month from now the new Congress will have defeated it because the Democrats want to poke Mr. Trump in the eye. We don't yet know, because there has not been comment specifically and concretely on that, so it's yet to be determined. It might turn out to be a blessing in disguise if they repudiate it, because then we can get the tariffs off.

To answer your question directly, my one criticism is the fact that the tariffs are still on. Tariffs, to anyone who looks at trade, are absolutely pernicious, destructive and negative. I don't see any justification whatsoever for tariffs. The whole point of GATT, at the end of the Second World War was to get rid of tariffs, and then they continued under WTO. Yet here we are, 70 years later, still talking about tariffs, which we all know—every economist knows—don't do anything good.

• (1040)

**The Chair:** You'll have to end it there, Mr. Lee and Mr. Sorbara.

Three minutes for Mr. Julian, and then we'll have a quick question from Mr. McLeod.

**Mr. Peter Julian:** Thank you, Mr. Chair.

I just want to get back to the amendments. Ms. Rudd, my colleague, made an intervention that was simply not correct.

In seven days to the hour, all of the amendments need to be in, submitted through an opposition party or if the government accepts any amendments to submit themselves. They're not actually obliged to adopt those amendments, but it's seven days to the hour.

We have a statutory holiday next Monday. It takes two to three days to do the translation and to finalize those amendments, so we're really talking about hearing back from you by tomorrow afternoon. That's the reality around the process that it takes for amendments.

For the government to pretend that there's all this time is simply false. They rammed this legislation through. They put the handcuffs on consideration of this bill.

I'm going to leave you with my home phone number, because I'm leaving for British Columbia tonight. It's 604-521-2171. Phone me anytime this weekend. We will be endeavouring to put these amendments in. We are hoping the government actually turns away from the cliff, allows amendments to pay equity, allows amendments around banking and consumer protection, and allows consideration of the important message that you have delivered about this bill and the flaws that must be corrected.

Please contact my office, because we want to work with you and with so many of the other witnesses who have come forward with very valuable proposals for amendments that will make a difference in the legislation. This is badly flawed legislation being rammed through the House in a way that even Stephen Harper never tried to do. It is beyond me that a prime minister who promised to bring an

end to these undemocratic practices is accelerating, amplifying and doing even worse than what the previous government did.

Now, it's not just amendments that need to be considered. We can choose to delete clauses, and I want to come back again to Monsieur Lacoste and Mr. Hennessy. Proposed clause 181 of the pay equity act is basically the scissors clause. It would allow the current government, or any future government, to cut out whole sectors. The minister could decide, just on fiat, to exempt the entire banking sector from any provision of the pay equity act, to basically exclude women working in that sector from pay equity.

Would you recommend to this committee that the scissors clause, which would allow the minister in this government or any future government to exempt whole sectors, whole industries, be cut out of this legislation? Would you recommend that be deleted?

**Mr. Mark Hennessy:** UFCW Canada would recommend that it be deleted.

[Translation]

**Mr. Stéphane Lacoste:** It is the same thing for us, of course.

[English]

**The Chair:** Okay.

You can have one very quick question, Ms. Rudd, because we do have a 10:45 hard stop.

**Ms. Kim Rudd:** Thank you.

My question is to Mr. Allen and Ms. Passmore. Earlier this week we had the minister in to talk about the BIA and some of the elements within it that we've talked about today. I come from a rural riding where over 40% of my population is over the age of 55. The measures around the consumer protection framework, particularly with regard to banking and especially in small towns where the banks are closing thereby causing complications for banking, seniors in particular find stressful.

Do you have any information or comments on this particular element as it relates to seniors?

• (1045)

**Ms. Marian Passmore:** I would say that older Canadians can be vulnerable consumers, and strictly relying on disclosure and consent as a way to protect those consumers would not, given the complexity of a lot of financial products, be adequate. Therefore, the appropriate standard is a step in the right direction. I would also add that banks can play a very important role in recognizing loss of capacity and potential elder financial abuse issues. FAIR Canada has co-authored a report with the Canadian Centre for Elder Law on vulnerable investors. We made six practical recommendations including amending the privacy legislation federally to permit workers, employees and different staff at banks to play a positive role in dealing with that problem.

**The Chair:** Okay, with that we will have to conclude.

I want to thank each and every one of you for coming forward to make your presentation and answer our questions.

The meeting is adjourned.











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