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

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**EVIDENCE**

**Thursday, May 28, 2015**

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**Chair**

**Mr. Phil McColeman**



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

Thursday, May 28, 2015

• (1535)

[English]

**The Chair (Mr. Phil McColeman (Brant, CPC)):** Good afternoon, ladies and gentlemen, and welcome. This is meeting number 57 of the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities.

Today we're here to review the main estimates for 2015-16, and we're pleased to have with us, appearing for the first time as the minister to the committee, the Honourable Pierre Poilievre, Minister of Employment and Social Development.

Welcome, Minister, to your first official committee meeting.

We also welcome, along with the minister, people who have been here before. From the Department of Employment and Social Development, we have deputy minister Mr. Ian Shugar; senior associate deputy minister and chief operating officer at Service Canada, Ms. Louise Levonian; and Mr. Alain Séguin, the chief financial officer.

Also, joining us from Canada Mortgage and Housing Corporation, we have Mr. Evan Siddall, president and chief executive officer.

Minister, because you're just a touch late, I guaranteed to the members that you would perhaps tag that extra five minutes onto your stay so we would have you for a full hour. I took the liberty of doing that.

We'll begin the meeting by proceeding with your comments and then move into members' questions. Please proceed.

**Hon. Pierre Poilievre (Minister of Employment and Social Development):** Thank you very much, Mr. Chairman.

I'd like to thank the officials from my department and Mr. Siddall from the corporation for being here as well to provide parliamentarians with answers about the estimates.

Of course this is a vast job for us to do. This department is the largest in dollar terms, about \$112 billion. It touches on everything from old age security, guaranteed income security, Canada pension plan, to employment insurance, job training, and of course hundreds of billions of dollars in mortgage insurance. We have a vast array of matters that will come before the House in the estimates for authorization.

I always like to simplify, though, the purpose of this department. It really does come down to jobs, families, and communities, the three

pillars of good social policy. I've always believed that the best anti-poverty plan is a good job. The best social safety net is a strong family. For those who, through no fault of their own, do not have a job or whose family struggles, we have a third pillar called community.

Let's start with jobs. Our jobs plan is based on the three Ts: trade, training, and tax cuts. Trade is self-evident and it's not directly under the purview of this department, so while I support the Canada-EU trade agreement, the trade agreement with South Korea, and the trade agreements we've signed with roughly 40 countries in total, I won't spend a lot of time talking about them.

Training is definitely a big part of what we do. Our approach at Employment and Social Development over the last several years, especially under the leadership of my predecessor, Jason Kenney, has been to reorient our training programs towards matching Canadians with jobs that actually exist. For too long we told our young people that there was only one way for them to succeed and that was to get a job after going to university, wearing dress shoes in a white collar position. We now know that those jobs are great, but there are a million skilled positions that are needed, many of them in blue collar trades where we don't need dress shoes, where we need hard hats and workboots.

That is why we have reoriented our program to renew respect and value for the skilled trades. We believe that trades deserve the same respect as professions, colleges and polytechnics the same respect as universities, and blue collars the same respect as white collars. So we have created the Canada apprenticeship grant to help with the cost of initiating and then concluding an apprenticeship. We supplemented that recently, in fact just this year, with the Canada apprentice loan, a \$4,000 loan that helps students with the in-classroom costs of being an apprentice. Already, I think we have over 10,000 young people who have taken advantage of this interest-free loan.

Finally, the Prime Minister recently announced that the Canada student grant, which had been available only to programs of a duration of 60 weeks or more, will now be available for more vocational-style training of a duration of as little as 34 weeks. That, of course, opens up that grant for a vastly broader array of training opportunities for young people.

Finally, we had something called the labour market agreement, with which all of you are familiar. That gave half a billion dollars a year in training dollars to our provinces. But we found, unfortunately, that it wasn't matching people with jobs that actually existed, so we've transformed that into the Canada job grant whereby an employer pays one-third of the cost and the Government of Canada pays the other two-thirds of the cost of training an employee for either a promotion or a new job within the work setting. That means that the employer gets a tailor-made employee, and the employee gets the guarantee that their training will actually lead to a job. We've had many successes with this already.

That is a small sample of the changes we're making to our training program.

• (1540)

Finally, with regard to tax cuts, in my department we are strongly supportive of measures to reduce the costs on employers. That's why I'm pleased to confirm that in 2017 we will reduce employment insurance payroll taxes by 21%. That will make it much less expensive for employers to hire. When they do, their employees will pay less payroll tax as a result of this change. That means more money in the hands of people who work and more money in the hands of those who would hire them.

We also announced in our recent budget plans to cut small business taxes from 11% to 9%. This is the largest small business tax cut in 25 years. The CFIB confirms that this will help small enterprises hire more people, build their payroll, and strengthen our economy.

Mr. Speaker, that brings me to our next point, which is families. We believe the child care resources that the government has should go directly to the child care experts, and those are the eight million people we call moms and dads. I see that Mr. Cuzner already knew what that line was, so I'm very impressed that he's coming around to our point of view. We hope he will convince his leader to do the same one day. We have cancelled bureaucracies that were erected by previous governments on the child care front, and replaced them with direct cash payments to parents that they can spend on anything they believe is appropriate.

I've asked my department to look into the impact this has had on child poverty, and we have some good news in this area. Colleagues, the universal care benefit—it's the original \$1,200 payment—has already lifted 41,000 children out of poverty and into the middle class.

The methodology of this calculation is simple. We looked at families who would be below the low-income cut-off line if that benefit did not exist but are above it because of its existence, and there are 41,000 kids, based on the original program. That does not include the recent increases to the universal child care benefit announced in the previous fall economic update. That increase will mean \$2,000 for every child under six and \$720 for kids six through seventeen. It augments the family tax cut or income splitting, and a whole variety of other pro-family, low-tax measures instituted by our government. The overall approach is to put money directly in the pockets of parents so they can lift their kids up and strengthen their families. It's working.

UNICEF looked at child poverty in this country. They looked at child poverty all around the world. What they found was that during the great global recession, while you would have expected that children would suffer the most, in Canada, the opposite happened. We had 108,000 kids lifted out of poverty between 2009 and 2011. UNICEF specifically said that was the result of government policies to put money directly in the hands of moms and dads.

Finally, with respect to community, probably all of us can think of great philanthropic community leaders, people who have gone out into the world and done great things and want to give back. Often when they make these impressive donations to build hospital wings or university libraries or expand food bank operations, they don't have that money sitting under their bed; they have it invested in a small business, in real estate, or in shares. You all know what happens when they sell those assets. They pay taxes. That never hurt the philanthropist; they were planning to give that money away regardless, but it hurt the charity. It was a tax on charities. I'm pleased to share with this committee a recent announcement by our government that any sale of assets for the express purpose of donating to a non-profit will be exempt from all capital gains tax going forward. That means those donations will go 100% to the charities to which they were destined rather than to the government and the taxman.

Another inspiring area where communities have stepped up is in helping our new Canadians achieve their full potential. We have a problem and an opportunity in this country. Here's the problem. Despite the fact that we have 24,000 skilled tradespeople and professionals who immigrate to Canada every year, only about 26% of immigrants work in the field for which they were trained.

• (1545)

Thirty-six per cent of immigrants report difficulty getting their credentials recognized in Canada. Despite the fact that immigrants are more likely, vastly more likely, to have Ph.D.s and master's degrees, they have more difficulty putting those credentials to work in the Canadian economy. Now one of the reasons is that, in the licensed professions and trades, it can often be difficult to get a licence to practise and to get credentials recognized. It's very costly. Many newcomers have no credit history or collateral, so they can't get a loan in order to go and take the training, testing, and time off work necessary to get their credential recognized.

A group of business leaders in Calgary came up with a really innovative idea. They said that if they can't get a traditional bank loan, they will sign loan guarantees for them so the banks can be sure the money will be repaid. A group called the Immigrant Access Fund administered the initiative and helped these newcomers with charting a course to obtaining credentials, planning their studies, and preparing for a job find after the credentialization was finalized. They took small loans of about \$7,000 a year. Our department, under the leadership of Jason Kenney, funded the administration at the outset of this. Then we provided a little bit of extra loan capital and loan guarantees to support it as well.

We're starting to get the results of this pilot project. Roughly 1,800 immigrants took these loans. On average, they were about \$7,000. So far, the default rate is well under 3%. Employment is up by 47%. At one of the sites where these loans were delivered, incomes have doubled from before they took the loan until after they paid it back, and there's been a very large increase in licensing in the original field. We are still waiting for additional information and data to come, but I am almost certain and very confident in saying that the very small amount of money that we put into this will be paid back many, many times over through the increased taxes that will result from the growing incomes of participants in the program.

We announced in the recent budget that we would transform this pilot project into a full-blown program. The terms of that program have not yet been established. We are not yet prepared to announce how many loans will be available or how exactly they will be delivered, but I can tell you that we are going to keep the budget commitment to institute a micro-loan program to help newcomers get fully credentialed in their fields and working in high-paying jobs so that they can fulfill the outstanding potential that they bring to Canada.

**The Chair:** Minister, could you just quickly wrap up. Thanks.

**Hon. Pierre Poilievre:** I will wrap up. Thank you, Chair.

Our agenda is jobs, families, and communities. That's what we do, and we will keep doing it with the help of extraordinary public servants and the support, hopefully, of Canadians.

Thank you.

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

We'll move into five-minute rounds of questioning, starting with Mr. Davies.

**Mr. Don Davies (Vancouver Kingsway, NDP):** Welcome, Minister, to the committee. Congratulations on your inaugural appearance.

Minister, I'm looking at the youth employment strategy in the 2013-14 departmental performance report. I want to ask about youth unemployment in this country, which you touched on. As you know, it's approximately twice the national average, about 14%. Some think it's higher than that, because that's just the reported number. We know that young people are hurting, and parents are worried, yet there was lapsed spending. Forty million dollars that were targeted to go towards alleviating youth unemployment did not go towards helping Canada's young people find jobs last year. On top of that, there are now cuts planned to the youth employment strategy, nearly \$20 million, by 2018. Further, we note that dozens of organizations

waited months to hear about skills link funding the government either did not dole out or doled out very late.

Minister, in the face of a 14% youth unemployment rate, why did you leave \$40 million unspent to address this issue, and why will there be future cuts?

• (1550)

**Hon. Pierre Poilievre:** Thank you very much for your question.

I think we need to put the issue of lapsed funding into its proper context. It is the regular practice of governments to spend underneath the budget that Parliament authorizes for them, and there's a good 800-year-old reason for that, which is that departments are not meant to spend what Parliament has not approved, and it's unwise to spend right up to the limit for fear of going over it. It is good, prudent financial management to come in under budget and to leave a buffer between that which you have approved and that which we spend.

As for youth unemployment, the historical reality is that there has always been a gap between rates of youth unemployment and unemployment among the general population. That said, there are some very positive developments as it relates to the financial well-being of our young people.

For one, student loan debt has declined by 10% in real terms. As well, we have ended the Liberal tax on scholarships and provided tax credits for textbooks. We've also created, as I mentioned in my opening remarks, the apprenticeship grants and loans. We've put out 500,000 of these grants. They're worth about \$4,000 apiece. They will help us help young people fill, for example, the more than 300,000 construction jobs that will go wanting over the next seven years.

So we do have a low-tax plan to help young people get employed and earning good incomes in high-demand jobs.

**Mr. Don Davies:** Thank you.

I'm going to turn from young people to seniors and income security for seniors. As you know, Minister, demographically Canada is aging, and we're all more concerned about this as we go forward.

Now, there's no magic to pensions. If folks want stable, sufficient income in retirement, it requires people to put away money in a disciplined way in a stable, secure fund for a long period of time.

The Canada pension plan is Canada's largest pension fund. It is the most stable pension fund. It is the most diversified pension fund. It is completely portable across the country. It is jointly funded between employers and employees. It is the cheapest pension fund in the country for employers, because they have no administrative costs for actuaries, lawyers, or otherwise. Also, it has guaranteed benefits.

We know that it was designed specifically to provide 25% of income replacement in retirement. We also know that well over 50% of working Canadians no longer have workplace pensions. That's a change from how it was 20 or 30 years ago when the 25% was figured out.

Mr. Minister, why not implement the NDP's plan to gradually and prudently phase in small increases to the Canada pension plan contribution rate to gradually result in a doubling of pension benefits, to recognize the fact that more seniors will need to rely on the Canada pension plan 10, 20, or 30 years out? What's wrong with that idea?

**Hon. Pierre Poilievre:** It's a tax increase.

**Mr. Don Davies:** It's retirement funding.

**Hon. Pierre Poilievre:** I was speaking to a businessman just before I came into this room. His small business offers matching RRSP contributions to his employees. He says that he would have to cancel that if... He proactively brought up the provincial Liberal proposal to increase payroll taxes on his company. He said that he would have to cancel matching RRSP contributions for his employees if they brought in this payroll tax increase on his company. Other businesses have told the CFIB that they would have to lay people off in order to mitigate the costs that such a payroll tax would impose upon them.

I know that yesterday the Liberal leader said that he supports "a mandatory expansion of the CPP of the type that Kathleen Wynne put forward in Ontario". That plan would lead to a \$1,000 tax increase for an individual earning only \$60,000 a year and another \$1,000 for the small business that employs that worker.

Higher taxes are not the solution. We prefer low-tax options, and that is exactly what we have provided.

**Mr. Don Davies:** Minister, can I ask—

**The Chair:** Thank you. That's—

**Mr. Don Davies:** —are you opposed to employers contributing to their employees' retirement—

**The Chair:** Mr. Davies, your time is finished.

**Mr. Don Davies:** Thank you.

**The Chair:** I'm going to allow some latitude with going over the five minutes, but we were well over the five minutes in that case.

Mr. Butt, you have five minutes, sir.

•(1555)

**Mr. Brad Butt (Mississauga—Streetsville, CPC):** Welcome, Minister, and officials. Thank you all for joining us today to discuss the main estimates.

Minister, one of the most significant programs your department is responsible for, of course, is the employment insurance system. As a member of Parliament obviously I'm helping my constituents out from time to time with these issues. There is absolutely universal agreement that, thank God, Canada has such a program that helps people who have lost their jobs due to no fault of their own and in fact helps parents and mothers, because we have maternity benefits and parental benefits.

I was just reading an article last week. There is a big debate now in the United States because they don't have maternal and parental benefits in their employment insurance or social security system. We have those great things in Canada.

I want to ask you a few things about our EI system. Obviously, Canadians pay into the EI system through payroll taxes and these premiums fund the administration of EI. Obviously their employers make a contribution to the EI system as well. It's a great social safety net program that we have and I think all political parties cherish the EI system and the important role it plays.

I understand that Service Canada recently brought on additional staff to assist in the processing of EI claims. As a result, can you confirm that Canadians can expect to have their EI claims processed within the 28-day service window? Service Canada's standard, I understand, is 80% of claims processed within 28 days. Are we currently meeting that standard? I can certainly tell you that in my office I'm getting very few constituents coming in indicating that they are having issues with the processing of their EI claims, which tells me that it must be working, because otherwise, they'd be in my office.

Can you give us an update on that? Where are we on the service standards, and where are we generally on the strength of this very important program for Canadians?

**Hon. Pierre Poilievre:** The anecdotal evidence you observed in your riding is a microcosm of what has happened across the country. Because of the very good management of public servants and the very wise decisions they have made to allocate the right resources towards this service standard, I can confirm that over 80% of eligible applicants are receiving payment in under 28 days. That is the 80 in 28 commitment with which you are all familiar, and I can confirm that it is now being met.

**Mr. Brad Butt:** One of the things I do want to do, and I think all members will agree, is that I certainly want to compliment the excellent work that the Service Canada office in Mississauga which my staff and I deal with are doing. They are being extremely helpful, I find, on some of these cases. Some of them are complicated in terms of how we get to insurable earnings, insurable hours, and those kinds of things. Sometimes those issues are a little bit complicated, but I've certainly found, in my experience anyway, that the ability to work with the individuals in the Mississauga Service Canada office has been outstanding. Please take that comment back to your staff, from my office and me, that I have found it to be quite good.

Minister, when we are processing EI claims, people are obviously concerned that things will be dealt with more efficiently. I'm assuming that more and more of these are being done electronically and that they're able to be processed fairly quickly in that manner. Is that the case, or if people are still doing the walk-in traffic thing, what is happening in these Service Canada offices across the country that will give us, as members of Parliament, a better feeling that there is someone there, a live body there who is actually providing a level of service to an individual who is simply dropping by to drop off that EI claim?

**Hon. Pierre Poilievre:** Other than to say I know that at least two-thirds of claims are now fully or partially automated, I don't have anything to add to it.

I think my officials could offer you more technical information on how we're processing these.

**Mr. Ian Shugart (Deputy Minister, Department of Employment and Social Development):** I would just say that the digital age has two main impacts. Louise may want to elaborate on this in more detailed questions if you wish.

The first is to turn increasingly to automated processing of the claims rather than having it done manually by individuals. The second of course is to encourage people to make the contact through digital means. Both of those things have been trending for some time, and continue.

That said, Service Canada is committed to being available through the mechanism, whether it's call centres, digital approaches, or direct person-to-person contact. It is the citizen who makes that decision, typically based on their need and their circumstances.

• (1600)

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

Now we move to Mr. Cuzner. You have five minutes, sir.

**Mr. Rodger Cuzner (Cape Breton—Canso, Lib.):** Thanks very much, Minister, for being here with your officials.

Minister, are you quite confident that in 80% of the cases people are receiving EI benefits within 28 days?

**Hon. Pierre Poilievre:** Eligible claimants, yes.

**Mr. Rodger Cuzner:** I think what you are looking at is notice of payment. Is that what you are referring to, notice of payment?

**Hon. Pierre Poilievre:** Do you want to add to that, Louise?

**Ms. Louise Levonian (Senior Associate Deputy Minister, Chief Operating Officer Service Canada, Department of Employment and Social Development):** They are put in pay. They are paid within 28 days. That's the term, from the date of their application and put into pay, so they are receiving funds within 28 days.

**Mr. Rodger Cuzner:** So they are receiving funds within 28 days. Is that right?

**Ms. Louise Levonian:** We're actually a little bit over 80% now.

**Mr. Rodger Cuzner:** How many are being turned back? Recent statistics show that of the 2.8 million claims that you would have processed last year, 700,000 would have gone beyond the 28 days. Is that a fact?

**Ms. Louise Levonian:** I don't have the exact number as to how many would have gone beyond that.

**Mr. Rodger Cuzner:** A quarter of the claims would have gone past 28 days. On average, those people are waiting seven weeks. Are you pleased with that figure?

**Ms. Louise Levonian:** The speed of pay in the past has not been as good, that is true. But we are now definitively over 80%, so the proportion—

**Mr. Rodger Cuzner:** That's for the ones who are being paid. So you've changed the rules; you've changed the game here.

Let's talk about those who are waiting seven weeks. In 28 days they get a notice saying they will not be paid. It's tough to put groceries in the fridge with a notice that says you will not get paid.

Are you comfortable with the fact that over 700,000 Canadians who apply for EI benefits are averaging seven weeks before they receive payment?

**Ms. Louise Levonian:** I can't confirm that number right now, but I could get back to you as to whether that's correct or not.

**Mr. Rodger Cuzner:** Beyond that, the stress level in these kitchens, the stress level with these Canadians now, when they phone the call centre.... Before your government cut 600 jobs, closed 100 EI processing centres, which the former minister said would make the "service faster, more effective, and more efficient", dealing with the call centre calls, the service level was such that 95% of the calls were being answered in three minutes. You weren't hitting that number, so you cut it down to 80% of the calls being answered in three minutes. You weren't hitting that. You cut it down last year to 80% of the calls were being answered in 10 minutes.

I'm starting to pick up a bit of a trend here. Are you not seeing that yourself, Minister? If you're not hitting the numbers, you're changing the rules and you're lowering the standards. Is that acceptable to you?

**Ms. Louise Levonian:** Service Canada definitively tries to meet the service standards that are set out there, and we try to do that in the most efficient and effective way possible.

**Mr. Rodger Cuzner:** By lowering the standards, is that acceptable, Minister?

Obviously you were not aware of that, but you are now.

**Hon. Pierre Poilievre:** By meeting the standards.

**Mr. Rodger Cuzner:** But we see the pattern of lowering the standards. Minister, you have to know, these are our most vulnerable Canadians who are without work now and they need that support.

Now that you are aware, I would hope you would be seized with this issue and make sure we put the resources in there that we need.

I have a couple of minutes left, have I?

• (1605)

**The Chair:** You have—

**Hon. Pierre Poilievre:** Mr. Chair, I'm sorry to interrupt—

**The Chair:** Yes, Minister.

**Hon. Pierre Poilievre:** We didn't get a chance to respond to the comment.

**The Chair:** Okay, please respond.

**Ms. Louise Levonian:** Mr. Chair, you can rest assured that when an individual calls with a dire needs issue, we address that right away.

**Mr. Rodger Cuzner:** That's when they get through, because 54% of the time they don't get through. The call is dropped.

**Ms. Louise Levonian:** They can go into a Service Canada centre as well. There are means of getting in touch with us. They can come to me. If there is a dire needs case, we address that.

**Mr. Rodger Cuzner:** I'll make sure we let that single mom from New Waterford know she can pop by your office.

**Ms. Louise Levonian:** It's no problem. I get a lot.

**Mr. Rodger Cuzner:** That's great. Thanks very much.

On the youth employment strategy, in 2005-06 the youth employment strategy served 113,000 youth. Currently, the most recent stats say that last year it was 54,000, which means a loss of 50,000 young people having access to that program. Then we're projecting, as was mentioned earlier, another \$20 million cut in that program. Where is the help for them? Where are young Canadians getting support from that program?

**Hon. Pierre Poilievre:** I think I mentioned at the outset that there are a variety of ways we help young people, and getting into jobs training is foremost among them. I want to emphasize the importance of the Canada apprenticeship grant. For too long our suite of policies ignored training for the trades. That grant has now gone to over 300,000 young people, 500,000 grants to 300,000 young people to help them go and get certified and get their journeyman or journey woman tickets and work in high-demand jobs.

We're also targeting resources to help young people transition from one career to another. For example, there are 9,000 working-age veterans who are released from the military every year. We want to ensure that they, many of them young, get recognized by the system for the skills that they accumulated while they were in the forces so that they are automatically qualified to work in high-demand jobs.

I was just at BCIT in British Columbia last week where they have a program specifically designed to help hundreds of young veterans get a course credit for many of the skills they built while they were in the forces so that they can then convert those skills into the civilian marketplace. We announced funding for BCIT to expand this program to seven other sites across the country so that it will be available to any veteran who ultimately wants it.

That's just one example of how we're using training to bridge and build skills for in-demand jobs.

**The Chair:** Thank you, Minister.

We're way over on that one, but I'll allow that latitude for other members as well, if it's required.

Mr. Mayes.

**Mr. Colin Mayes (Okanagan—Shuswap, CPC):** Thank you, Minister, for being here, and thanks to your officials.

One of the things that I want to talk about is the universal child care benefit. When I was younger, there was a baby bonus, and I always remember my mother putting that away into savings for my post-secondary education and that of my siblings. I was just wondering, if parents had the substance that they didn't need to use that money right away and they decided to put it away, whether they could save that \$1,920 for six years and then put it in a registered education savings plan. That's bumped up by 20% by the

Government of Canada, and with a 5% return, you're getting about \$2,400 a year multiplied by six, and then you get into the \$720 a year with the same.... We're up to about \$25,000, and there are no strings attached. That can be done if the parents can afford to put that away.

Do you foresee that this is going to actually influence the number of student loans that are really needed? We're going to see this money that's going to be available to parents to put away for their children's future education.

•(1610)

**Hon. Pierre Poilievre:** Absolutely. It's a very good question.

In fact, I was recently at the Fred Barrett Arena in the south end of town here, and I met Trevor, who is a resident of Osgoode just south of Parliament Hill. He has five kids, all of them over the age of six, and he'll be getting \$720 a year for each and every one of them. He told me his plan was to put that money in registered education savings plans for each one of them. That will take an enormous bite out of the cost of post-secondary education for those five kids who might not otherwise have an opportunity to go and learn.

The point of this story is that every family is different. A one-size-fits-all, government-knows-best program that ignores 90% of kids would not help people like Trevor. For one, government day cares would not serve him because his kids are all too old for day care; whereas the universal child care benefit is universal, so everybody under 18 is eligible, and their parents can invest that money in the ways that will deliver the best result for their kids. We believe in choice. We believe in moms and dads.

**Mr. Colin Mayes:** We could have almost called that a universal child care benefit savings plan.

What is the cost of that? There is going to be a number of children whose parents are going to receive this, and there's going to be an increase in cost, but overall, what is the cost? Can you extrapolate that with regard to, you know, when you give somebody a cheque, most often they spend it, and then they pay GST and they put money into the economy, and the money comes back. Is there a forecast about the real cost to taxpayers?

**Hon. Pierre Poilievre:** The original universal child care benefit cost around \$1.9 billion, and the expanded is now \$4.9 billion in the 2015-16 fiscal year.

**Mr. Colin Mayes:** That's a lot cheaper than a universal child care institutionalized type of program where it could be up to \$15 billion by having—

**Hon. Pierre Poilievre:** If you believe the supporters of a national government-run day care program, they say it would cost about 1% of GDP. I think that's probably low. It probably would cost a lot more than that, but we have an economy that's coming on \$2 trillion, so that's just under \$20 billion a year for a national government-run day care program. I don't know where you'd get that kind of money. You'd have to massively increase taxes, run enormous deficits, and probably cut other programs to find the money. Then after all that—

**Mr. Colin Mayes:** It only benefits—

**Hon. Pierre Poilievre:** —and 90% of Canadians don't want that type of day care for their kids. They prefer other options, and it would do nothing for older kids. That's why Canadians consistently reject that approach.

**Mr. Colin Mayes:** This is more of a direct benefit.

**Hon. Pierre Poilievre:** That's right. You cut out all the administrative and bureaucratic costs by sending the money directly to the end user, the moms and dads.

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

That completes the first round of questioning.

We'll move on to the second round.

Mr. Nicholls.

[*Translation*]

**Mr. Jamie Nicholls (Vaudreuil-Soulanges, NDP):** Thank you, Mr. Chair.

Mr. Minister, Mr. Davies and Mr. Cuzner asked about the youth employment strategy and I also have a few questions about that.

The department tells a different story from yours. You talked about the unused amounts, but I would rather talk about the inefficiency in managing the distribution of funds and the implementation of the programs.

A document from the department focuses on the expiry of funds. It says: "The difference is due to delays in implementing Skills Link and Career Focus projects".

We have seen many problems with the implementation of this program, especially in Quebec. My colleague from Saint-Lambert repeatedly shared them with your predecessor, Mr. Kenney.

Can you tell us what is causing these delays in implementing Skills Link and Career Focus projects?

● (1615)

**Hon. Pierre Poilievre:** The program in question seeks to connect young people with jobs by building a bridge between their current skills and those they will need in the future.

I am certainly available to work with the MPs from Quebec to identify ways to improve the administration of the program. If there are technical problems you want to talk about, please point them out.

**Mr. Jamie Nicholls:** You know as well as I do that the needs of employers are time dependent. Young people are looking for work. If the way the program operates is ineffective and there is a disconnect with the funding of the program, flaws arise in the system.

Here is my next question. Has the unused \$32 million been reallocated and, if so, for what purpose?

**Mr. Ian Shugart:** An amount of \$12 million will be carried over from this year to next year.

**Mr. Jamie Nicholls:** So it will still be for this program, but it will be carried over to next year.

**Mr. Ian Shugart:** That's right.

**Mr. Jamie Nicholls:** What do you intend to do to ensure that the 2015-16 funding for the youth employment strategy will be used as effectively and fully as possible?

**Hon. Pierre Poilievre:** Are you asking what will be done to ensure that the funding—

**Mr. Jamie Nicholls:** How will you improve the effectiveness of the program?

**Hon. Pierre Poilievre:** That is a challenge for every program, all the time.

Mr. Chair, we work very hard every day to improve the effectiveness of our programs. I think the results of our investments are impressive overall, and if my officials want to talk about any improvements, the floor is theirs.

**Mr. Jamie Nicholls:** But first, Mr. Minister, let me be more specific. I would like to talk about the results and make things clearer for Canadians, because they are not really familiar with the youth employment strategy.

What projects are currently funded under the three streams of the youth employment strategy and how will they be improved?

**Mr. Ian Shugart:** Simply put, we will do our best, keeping in mind the comments people made last year about the administration.

The three pillars of the program are: Career Focus, geared toward employers, Skills Link, a program for young people facing a number of obstacles, and the Summer Work Experience program that involves all members in the administration of program selection.

Those are the three pillars of the strategy.

[*English*]

**The Chair:** Go ahead, Minister.

**Hon. Pierre Poilievre:** I'll just very quickly sum up, Chairman, on the three programs the deputy mentioned.

Under skills link, in 2013-14 we served 12,390 youth; 1,477 returned to school and almost 6,000 were employed or self-employed. Under career focus, the primary results for the same year saw 3,726 youth served; 402 returned to school and 1,342 were employed or self-employed. Then, of course, there's the Canada summer jobs program, with which you're very familiar. It serves annually about 40,000 students, give or take, depending on the rates of minimum wage in the various jurisdictions.

That's an overview of the results. I'm sure we can talk off-line about other particular projects within these programs to assess their efficacy, but that's an overview.

● (1620)

**The Chair:** Thank you, Minister.

Mr. Armstrong.

**Mr. Scott Armstrong (Cumberland—Colchester—Musquodoboit Valley, CPC):** I want to thank the minister and the officials for being here this afternoon.

Minister, it's been great to work with you over the last several months as you've taken on this gigantic portfolio. It's great to see the energy and enthusiasm you put behind your work every day.

I'll focus the first part of my questions around the social security tribunal. We've heard a lot in the House and other places about the social security tribunal and the legacy backlog. I know that your predecessor worked very hard on this issue and you have as well. Can you give us an update on just where we are on our progress in dealing with the legacy backlog we were left with?

**Hon. Pierre Poilievre:** Yes.

We considered the backlog to be unacceptable. My predecessor came up with a common-sense plan to address that backlog.

To recap, the plan was for officials at the department to triage the outstanding cases that were awaiting appeal to the general and appeal divisions and to settle as many as humanly possible so that they did not have to go before the tribunal at all. I am happy to report that the department has done an exceptional job in this practice. They are settling cases at a very rapid rate.

The team that some in the media have called the spike unit—I'm not sure that's the proper technical term—has done an extraordinary job serving Canadians and resolving as many of these outstanding cases as possible. I'm happy to report that they will have done all of the triage work on those cases by about mid-August, which was the original plan. Of course, there are some cases that we can't settle because our officials deem them to be not appropriate for settlement, and they do need to be put before the tribunal for deliberation. But I can tell you that the department's work is going extremely well and it will be completed on schedule.

**Mr. Scott Armstrong:** Great.

The current SST chair has also mentioned that she expects to be able to handle 500 cases per month.

Can you extrapolate on that, Minister, on the 500 cases per month that the SST will be able to take on?

**Hon. Pierre Poilievre:** The chair of the SST indicated that they would do 500 cases per month. That work is done at arm's length, and we continue to encourage the rapid resolution of cases before the tribunals.

What I can report is that within ESDC, our officials are shouldering the responsibilities that they took on. They are completing the caseload at the pace they promised, and they will be finished their work on schedule.

**Mr. Scott Armstrong:** That's good news, Minister. I appreciate that.

I'm going to switch gears now. In the budget this year, we made an expansion of the EI compassionate care benefit. Could you elaborate on the positive benefit that will give to families across the country?

**Hon. Pierre Poilievre:** I mentioned that the three pillars of our agenda are jobs, families, and communities. This is really on the second pillar.

When people are critically ill, often they have to rely on our hospitals, sometimes regrettably even palliative care, but more than anything they want to be close to their families. The previous

employment insurance program for compassionate care allowed someone to take up to six weeks off during the critical illness of an immediate family member. We announced in budget 2015 that under the leadership of Prime Minister Harper, we will extend compassionate care for six months so that people can be with their loved ones in this extremely difficult and painful time.

**Mr. Scott Armstrong:** Do you have any idea of how many families this will benefit in the country? Is there any calculation of that?

• (1625)

**Hon. Pierre Poilievre:** I don't have those numbers, but I'm sure we can get back to you.

Is it 6,000?

**Mr. Ian Shugart:** About 6,900 is our estimate.

**Mr. Scott Armstrong:** Wow, that's impressive.

Minister, going back to the EI numbers and the progress we've made, it wasn't too long ago that we were hearing a lot of complaints in MPs' offices across the country about the rate at which people were able to receive their EI benefits. It was far below the 80% that we were looking to get within 28 days. It's great news that we've been able to now achieve that benchmark goal.

Can you talk about some of the steps that were put in place to try to make the difference for Canadians looking to receive their EI benefits?

**Hon. Pierre Poilievre:** Absolutely, but before I do, I think the deputy wants to provide a bit more information on your previous question.

**Mr. Ian Shugart:** Mr. Chair, it occurs to me that I may have answered a little bit the wrong question. We estimate that there will be about 6,900 beneficiaries, which would be an increase of about 900 from the current take-up. I thought I should clarify that.

**An hon. member:** Thank you.

**Hon. Pierre Poilievre:** Under the leadership of my predecessor, frankly, the department made a decision to hire about 400 additional processing employees to help deal with the challenge of shortening the wait time. They have allocated resources and provided good solid training to these new workers. The result is that we've now achieved the goal of providing payment to 80% of eligible applicants within 28 days.

**The Chair:** Thank you.

Madam Davies.

**Ms. Libby Davies (Vancouver East, NDP):** Thank you, Minister, and officials for coming here today.

Minister, you've pointed out that this is the largest federal department, and I wish we had an hour for every major program you have just to go through them. It's obviously a generalist situation we're facing with one hour with you.

You said at the beginning that obviously jobs are a key priority, and certainly there would be agreement on that. My colleague has pointed out \$40 million of allocated funds was unspent in youth employment programs.

When you look at something like adult learning, literacy, and essential skills, that was underspent by 31%, which is quite shocking given that the OECD says that 49% of adult Canadians fall below high school equivalency. Obviously, that's a very important program in terms of job readiness.

You spoke a little about foreign credentials. That program has been underspent by \$30 million over five years. You talked about the pilot project, which sounds well and good, but it seems to me there's a pattern here.

Your response was, "Well, you know, every department likes to come in under budget", and that's good, but we're talking about millions and millions of dollars here that haven't been spent in the way they were meant to be spent to help people who really need it.

I don't feel satisfied by your answer. I think it requires some explanation as to why, for example, with youth employment, money that's meant to go to such a critical area, or adult literacy, or foreign credentials isn't being delivered.

Either the departments are deliberately overestimating what they need, or the whole thing's a bit of a farce. These estimates are meant to be there as estimates. They're meant to be there. The allocation is meant to be real. I wonder if you could give us a better explanation as to why so much allocation is unspent when there is such a high need, whether it's for youth, adult literacy, or whether it's for new Canadians.

**Hon. Pierre Poilievre:** I guess we have different definitions of success. Some believe you define success by how quickly and abundantly you can shovel money out the door. Others define success by—

**Ms. Libby Davies:** These are your allocations we're talking about, not our allocations. This is what Parliament agreed to, based on what your department said needed to be provided for that program.

No one is talking about shovelling money out the door. It's based on your estimates.

**Hon. Pierre Poilievre:** Those estimates are, and have been, for the history of parliamentary democracy, ceilings and not floors. We don't wake up at the end of the fiscal year and say, "Oh my goodness, we're under budget. We'd better shovel out the last \$10 million or \$15 million of allocated money," regardless of whether there are good projects available and ready to receive that money.

• (1630)

**Ms. Libby Davies:** This would help us getting out of the basement.

**Hon. Pierre Poilievre:** We invest in initiatives that generate results for Canadians. I'll give you an example. You mentioned foreign credential recognition. We just announced funding for the Medical Council to eliminate one of its evaluating exams and put its regime for accrediting foreign trained doctors online. That will permit applicants for immigration to this country to begin, and in many cases complete, their accreditation to become a medical doctor before they even arrive in Canada, so they will be eligible to immediately start a residency, or maybe even go into a full practice when they get here.

This is a revolutionary concept completely different from the approach of the previous government, which was just to allow people to come here and then give them the heartbreaking news upon arrival that they would not be allowed to work in the profession for which they spent a decade of their lives training.

**Ms. Libby Davies:** Minister, I can tell you—

**Hon. Pierre Poilievre:** These are real results, but that's the point. Here's the distinction: we funded that not so we could put \$6 million out the door, but so we could get results for our health care system, our job market, and newcomers. The purpose here is to deliver a result, not just to spend money.

**Ms. Libby Davies:** That's not what the debate is about. It is about delivering results, and it's about providing the programs where they're needed.

I can tell you that probably in every riding, particularly my riding, youth unemployment is a serious issue. There are all kinds of organizations that could have used the youth employment program funds for summer jobs, but the allocations, whatever they are...and yet we find out there's \$40 million that has been unspent.

It's not a matter of shovelling money out the door. It's a matter of using the dollars for what they were intended, particularly when there's such a high need. I feel there's a huge gap in terms of the explanation here, and it doesn't make sense. It doesn't make sense to Canadians.

**Hon. Pierre Poilievre:** Most Canadians would say that when you come in under budget, you have succeeded. Most Canadians would say that you focus—

**Ms. Libby Davies:** By being 31% under budget?

**Hon. Pierre Poilievre:** —on achieving results rather than just pushing money out the door.

I know you say that you have people who need jobs in your riding. I have no doubt of that. We all do. The number one source of new jobs is actually small business. We've just announced we're reducing small business taxes from 11% to 9%.

I raise this because you cannot reduce taxes for anyone if you're spending too much. Every day I see opposition MPs stand up in the House of Commons and demand more spending on every program imaginable, money that we don't have, often for things we don't need. That will drive up taxes on everybody, especially our job creators. That's the last thing people looking for jobs in your riding and mine need to hear.

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

Minister, that brings us close to the time that I had asked for, which is a complete hour. I'm wondering, just before we part—we do have a couple of minutes—whether you have any further comments to close out the two minutes we have left.

**Hon. Pierre Poilievre:** Yes. This is my first time addressing this committee. It is a daunting task to assume leadership of a department this large and with this much responsibility. I want to say a very heartfelt thank you to the public servants both at CMHC and ESDC. Also, they're not here, but I want to thank those at the National Capital Commission and at PCO, for which I'm also responsible, who have done an extraordinary amount of work to help me get through this very difficult transition to a very big portfolio. We have some exceptional public servants in this country. I think all of you and all of us are very well served, regardless of our partisan affiliations, by them. I just hope that everyone appreciates the work these fine people do. I applaud them for their efforts. Thank you.

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

Now I'll just allude to one comment you made during your initial presentation. You referred to me as the Speaker. I'll take that as a true compliment of perhaps what might be down the road.

Thank you for taking the time to be with us. I concur on your evaluation of the officials you brought along with you. We will have the officials stay for the second hour.

We'll just take a quick recess while the minister leaves.

• (1630) \_\_\_\_\_ (Pause) \_\_\_\_\_

• (1635)

**The Chair:** Welcome back to the second hour of today's consideration of the main estimates 2015-16.

We have with us for the second hour the departmental officials. I introduced several of them with the minister. I'll introduce two who have joined us: Benoit Long, the senior assistant deputy minister of the process and payment services branch, Service Canada; and Brian Naish, the chief financial officer.

We'll start this half of the meeting with any of the officials here who wish to make comments and we'll give you five to seven minutes, depending on how many of you would like to speak. If you do not care to speak, that's totally understood as well, and we'll move right into questioning.

Do any of you wish to make comments before we begin the afternoon session?

**Mr. Ian Shugart:** No, I think we're in the committee's hands, Chair.

I may take the liberty, from time to time, as we get into the different areas, to invite other colleagues from the department to come forward and converse with officials. We actually have a number of new colleagues in the department whom committee members will not have met before. As that occurs, I'll take the liberty of introducing them, if I may.

• (1640)

**The Chair:** Thank you, Mr. Shugart. I appreciate that.

Let's move right into our rounds of questioning. I'll keep the same order as we had in the first hour, unless members wish to change that.

We'll start with Mr. Davies.

**Mr. Don Davies:** Thank you to all the officials for being here.

I want to turn to the temporary foreign worker program. That's on page 65 of the report on plans and priorities. I have a number of questions.

I want to focus first on the live-in caregiver program. As I'm sure you know, the live-in caregiver program is a very important program for Canadian families and businesses. It's an important source of caregivers for families for their children, for aging parents—particularly those with dementia and other disabilities—and for people with disabilities.

Since the changes to the LIC program, though, the statistics are, I guess in a word, startling. In December 2014 there was an 85% rejection rate for LIC applications from families across Canada. In January 2015 there was a 93% refusal rate. In February 2015 there was a 91% rejection rate. In March 2015 there was an 86% rejection rate.

I have families who run businesses coming to my office and saying they need caregivers to take care of their children so that they can actually devote their time to their business and so they can action into the workforce. They're telling me they have to pay \$1,000 to the government; that's not refundable. They are told by the government that caregivers will be available. They cross every *t*, dot every *i*, and comply with every requirement of the program, and then their application is rejected.

They want me to ask you why there is such an appalling rejection rate of valid applications. They also want me to ask you if the government is really trying to kill the LIC program but just doesn't have the political courage to come out and say so.

**Mr. Ian Shugart:** Mr. Chair, I'm going to ask Paul Thompson, who is the ADM working most closely with Citizenship and Immigration on the temporary foreign worker program, to respond.

Paul, do you want to address that?

**Mr. Paul Thompson (Senior Assistant Deputy Minister, Skills and Employment, Department of Employment and Social Development):** I'll just make a couple of comments. First of all, we're still very much in a transition with respect to the caregiver program, implementing some very significant changes. I think the processing results we're seeing are very much a reflection of the transition and a pretty significant change in the eligibility parameters for the program. Those are still flowing through the system.

A lot of applications are being received that aren't consistent with the new program, such as some of the main elements no longer having this mandatory requirement that the caregiver be live-in. It's now a more broadly based caregiver program.

There are differences in the advertising requirements that are being introduced.

The wage policy has also changed significantly to reflect the prevailing wage.

These significant changes were introduced, and we're still in the process of seeing applicants adjusting to them. Also, we're hoping to get more completed applications that are fully aligned with the new program parameters.

**Mr. Don Davies:** Just to understand then, your answer as to why we have an average rejection rate of 90% of applications across the country from December to March is that the applications are flawed.

**Mr. Paul Thompson:** They're not in line with the new requirements of the program.

**Mr. Don Davies:** Well, I do have people coming to my office who are literate professionals and who have hired professionals, in many cases, to prepare their applications, and they're well aware of the new program requirements. They come to my office with flawless applications, and they're showing me simply indecipherable rejections that don't make sense to them. These are not just cases of flawed applications. They're getting solid, perfectly done applications rejected. Is there any answer to that, or are they wrong?

**Mr. Paul Thompson:** We are still just several months into the new policy framework for this, so I think we're confident we'll see a pretty significant change as these new program parameters take root, as there's more awareness among clients. We're pretty confident that we'll see those numbers change dramatically in the coming months.

**Mr. Don Davies:** Well, we'll be watching carefully, and we hope that's the case.

Again, under the temporary foreign worker program, can you explain the decision to create exemptions for temporary workers in Alberta in the face of the April 1 deadline, lift the hiring ban completely for Yellowknife, and relax rules for universities around transition plans? Why create rules if exemptions flow so freely?

• (1645)

**Mr. Ian Shugart:** This program, and frankly Chair and members of the committee, it has been a challenging issue of public policy to achieve the right kind of balance between a proven need and undue reliance on temporary foreign workers when the Canadian labour market can provide the workers.

In the case of universities, and I'm going to ask Paul to comment on the specific geographic locations, the essence of much of university recruitment is indeed to deliberately search for the best talent available in the world. The exemption was applied to the specific requirement in that high-skilled category of having detailed transition plans to a Canadian workforce.

We want to understand what is going on, what the trends are, be able to identify any inappropriate reliance on the TFW program, but it was because of the essential objectives of recruiting people from abroad that it made no sense in those particular cases to transition to a Canadian workforce. These institutions were deliberately blind as to the country of origin. They wanted the best experts, researchers, and scholars in those areas.

That explains the exemption and the approach in that regard with respect to the geographic areas where you sometimes have highly localized labour market conditions. We've done a lot of analysis on that, and Paul can comment.

**Mr. Don Davies:** I just—

**The Chair:** Mr. Davies, you're way over on your time. I'm going to allow Mr. Thompson to respond, but there's no time for your intervention.

Mr. Thompson.

**Mr. Paul Thompson:** Just to speak to the other two examples as part of the policy changes announced by the government last June, there was a general prohibition on low-wage temporary foreign workers in certain occupations in the accommodation and food services sector and retail sector.

There was at the same time, as the deputy minister has noted, an opportunity to reflect specific economic circumstances in micro economies, places where there might be a severe labour market shortage in an otherwise area of higher unemployment.

That case was made by the Government of the Northwest Territories with respect to Yellowknife, and it was accepted as a legitimate exemption based on available labour market information.

The second example is with respect to the agreement with Alberta. A change was made to the entire program that any temporary foreign worker who has received a nomination for permanent residence doesn't get included in the cap that has been introduced for temporary foreign workers.

In the case of Alberta, there was a backlog in the processing of the provincial nominee program, so flexibility was extended for people who were in that backlog where there was an intent to nominate. It was an accommodation for this specific circumstance.

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

Mr. Boughen, you have five minutes, sir.

**Mr. Ray Boughen (Palliser, CPC):** Let me add my voice of welcome to our panel who are taking time out of their busy day to share some information with us. We certainly appreciate it.

When I look back on what's happened in economic action plan 2015, which is also in action today as we speak, the thing that I find very interesting is the change in students being able to work while they're on a student loan program to help augment that loan and help with the financial side of going to school.

I have a ball of wax here with a bunch of different questions hanging out of the ball, so let's just see what we can do with it.

On average, how much more money will students be able to keep from their work?

**Mr. Ian Shugart:** We eliminated that requirement.

**Mr. Ray Boughen:** That's very good. When was that eliminated?

**Mr. Ian Shugart:** That was a budget 2015 decision.

**Mr. Ray Boughen:** Okay. That's very good. I'm sure the students appreciate that.

**Mr. Ian Shugart:** The point here is to foster attachment to the labour force.

The assumption is of course that a student may earn small amounts of income, but if we can encourage that attachment to the labour force while they're in study, then that is good for their long-term prospects in the labour market.

I got that right about the elimination, didn't I?

• (1650)

**Mr. Ray Boughen:** How much more money will students be able to keep: 50%, 75%, 100%?

You're saying it's going to be 100%.

**Mr. Ian Shugart:** Yes.

**Mr. Ray Boughen:** Okay. Very good.

This is a what will happen question. We don't have any hard facts. What is it that you feel will help students move in to co-op learning programs and internships with the new student loan program? Is that going to be something that happens or not?

**Mr. Ian Shugart:** I think the first requirement for that kind of uptake is employers who are prepared to make that kind of opportunity available. Our ministers have been advocating that in the employer community. I'm going to ask my colleague Gail Johnson, who has joined us in the last year as the ADM of our learning branch, to comment further.

I think what the government has done is remove as a financial issue at all this requirement. For some, that would have constituted a barrier and it leaves the way free to accept employment on a large scale, for example, to get a running start on paying down student loans or to have less reliance on student loans because it's out of income.

There is probably a point at which we want students to be learning and not wearing themselves to the bone and compromising their studies by having to work too hard. That's of course an individual choice. I think we can anticipate this, although I don't think we've modelled this in any detail. It's hard to know with any certainty, but the logic of the policy would remove those financial considerations as a barrier, and in many cases would facilitate their income and therefore their savings potential down the road.

Is there anything you would want to add to that?

**Ms. Gail Johnson (Assistant Deputy Minister, Learning Branch, Department of Employment and Social Development):** The deputy minister is absolutely correct.

What this does is it removes any disincentives to work while the student is in study. What that means is that students have the opportunity to participate in co-op programs, for example, thus making them better prepared for the labour market.

**The Chair:** Five minutes is up.

**Mr. Ray Boughen:** Game over.

**The Chair:** It goes fast, doesn't it?

**Mr. Ian Shugart:** Chair, by the way, that was a concerned doctor, Gail Johnson, who holds a Ph.D. in higher learning.

**The Chair:** Thank you for being with us.

Now we move on to Mr. Cuzner.

**Mr. Rodger Cuzner:** How many additional people have we hired in the EI call centres in the last year?

• (1655)

**Mr. Benoît Long (Senior Assistant Deputy Minister, Processing and Payment Services Branch, Service Canada, Department of Employment and Social Development):** Over 138.

**Mr. Rodger Cuzner:** Okay, that's great, because the number that I cited, 54% of calls being dropped, was a 2013 number. It's actually gone down to 33%, so there's been improvement. I think the case can be made that additional staff is not a bad thing for efficiency within the EI call processing centres and the call centres.

There are two questions I want to get at here.

We brought the standards down year after year, from 95% in three minutes, to 80% in three minutes, to 80% in ten minutes. Are we hitting that number?

**Mr. Ian Shugart:** Chair, I think we would want to clarify, and I will invite Benoît Long, another of our new recruits in the department, to expand on this.

We have not, in fact, lowered the standard. I just want to clarify that.

Benoît can elaborate.

**Mr. Benoît Long:** Our goal throughout the year has been to meet our standard vis-à-vis the answering of the calls we get. There are a number of factors that drive the—

**Mr. Rodger Cuzner:** The standard is what?

**Mr. Benoît Long:** It's 80% at 10 minutes.

**Mr. Rodger Cuzner:** It's 80% in 10 minutes, okay. Are you hitting that?

**Mr. Benoît Long:** Not yet, no.

**Mr. Rodger Cuzner:** No, you're at 45%.

**Mr. Benoît Long:** A little higher than that, better than that.

**Mr. Rodger Cuzner:** A little higher than that. Do you anticipate lowering the standard again so that it can be attainable?

**Mr. Benoît Long:** No, we don't, and there are a number of factors that drive—

**Mr. Rodger Cuzner:** I only have five minutes, so I appreciate that.

Getting back to what the minister said about 80% payment, was he referring to speed of payment? When Finley was here and she was the minister, she said she couldn't tell us because speed of payment was still notification of non-payment and notification of payment, and she couldn't extract those two numbers from that number.

**Ms. Louise Levonian:** Benoît can correct me if I'm wrong, but it's actually 81.4% now, and it's from application to being put in pay. Am I saying that right?

**Mr. Rodger Cuzner:** I'm confused. The definition of speed of payment says it's the percentage of EI benefit payments or non-payment notifications issued within 28 days of filing.

**Mr. Benoît Long:** The standard applies to both, i.e., the number of people who will be put in pay within or fewer than 28 days as well as the notification sent to claimants who are not eligible that they will not receive a payment.

**Mr. Rodger Cuzner:** They're in that 80%.

**Mr. Benoît Long:** Correct.

**Mr. Rodger Cuzner:** People aren't getting cheques; they're getting notice that they aren't getting a cheque.

**Mr. Benoît Long:** They're getting notice that they're not eligible, so they would not get a cheque unless their appeal is successful.

**Mr. Rodger Cuzner:** They're not getting a cheque, and the minister said quite clearly that people were being paid 80% of the time. I think that's why we have to get back to how 700,000 applicants are waiting over...the average is seven weeks.

**Mr. Ian Shugart:** I think the minister was saying that those eligible are receiving their payment at that standard.

**Ms. Louise Levonian:** He clearly used the word "eligible". I heard him say "eligible". That's the correct way to say it.

**Mr. Ian Shugart:** Anyway, factually, Mr. Cuzner, that's the standard, that's the definition, and that's the current performance.

**Mr. Rodger Cuzner:** Okay, so what are we doing about the others who are in? What I understand is that, if it's a "Mc" on the ROE, and it's a "Mac" on the application, if there's anything slightly wrong, that gets kicked out, and then they're not being processed. That's going seven weeks, eight weeks, nine weeks. Some 700,000 Canadians are wrestling with that; 700,000 households are wrestling with that.

**Mr. Benoît Long:** It is the nature of the program that, within the first few weeks, if eligibility cannot be established or a claimant is not eligible for whatever reason, then an adjudication or an assessment has to be made. That will take some time longer, and that varies across many, many claimants.

In fact, as you quoted earlier, the 700,000 figure is actually 688,000.

**Mr. Rodger Cuzner:** Oh, that's much better.

**Mr. Benoît Long:** No, it's not because it's better, it's simply because quite a number of Canadians who are claiming may very well have to submit more information or clarify information that's been given. They've been kicked out of the automated process.

• (1700)

**Mr. Rodger Cuzner:** Exactly.

**Mr. Benoît Long:** That simply means, Mr. Cuzner, that they will be paid. It's a matter of longer, but they are eligible.

**The Chair:** That's the end of the time for that round of questioning.

Now we move to Mr. Eglinski.

**Mr. Jim Eglinski (Yellowhead, CPC):** Thank you to our guests this afternoon.

In economic action plan 2015, I believe you renewed the working while on claim pilot program that was implemented a few years ago. This removes the disincentive to accept available work while on an EI claim.

Does the department have any initial evidence to suggest that this incentive has encouraged workers to work more while on claims? Do you have any results on that?

**Mr. Ian Shugart:** We do. We have data suggesting that the percentage of claimants working two or four days per week while on claim has increased from 43% to 50%. Another way of looking at this is to measure the employment income that is earned while they are on claim, and that also has increased.

There is evidence, and it's perhaps a matter of judgment, but we think those increases are material. The income earned, for example, has gone from around 46% to just under 53%. That 46% to 53% is not enormous, but it's significant for those workers.

The reason for the extension is that there is still mystery attached to some of the regional implications of that, so the government wanted to explore those regional dynamics a little more closely and for that reason, it extended the pilot for working while on claim.

**Mr. Jim Eglinski:** Thank you.

Budget 2015 reaffirms our federal government's commitment to and implementation of significant reforms to the temporary foreign worker program last year. A lot of the reform of the temporary foreign worker program was that a strengthened program compliance regime was to be implemented. Roughly how much money has been allocated to reforming the temporary foreign worker program?

**Mr. Ian Shugart:** Paul, can I ask you to answer?

**Mr. Paul Thompson:** Well, I have the spending figures—

**Mr. Ian Shugart:** You're in a better position to.

**Mr. Paul Thompson:** Is it in our supplementary estimates for the previous fiscal year?

Do you want to speak to that, Alain?

**Mr. Alain P. Séguin (Chief Financial Officer, Department of Employment and Social Development):** Yes, for the previous fiscal year, 2014-15, \$22 million was put aside. As we ramp up the program going into 2015-16, we are now putting forward the budget requirements for the amounts into 2015-16 and 2016-17. We haven't finalized those numbers just yet, but they will be in supplementary estimates for 2015-16.

**Mr. Jim Eglinski:** Do you have any anticipated outcomes from this that you're looking at?

**Mr. Alain P. Séguin:** In terms of the program? I'll have to ask my colleague Paul to answer.

**Mr. Paul Thompson:** There's been a gradual expansion over the years of the authorities of our enforcement personnel with respect to the temporary foreign worker program. There's now an expanded authority with respect to conducting on-site visits and authority to compel documents, and there's a broader scope of offences being pursued.

In addition, the government has proposed a range of increases in terms of administrative and monetary penalties. There was a discussion paper put out last fall with the government's stated intention of bringing forward new regulations to toughen the penalties essentially for wrongdoing in the program, with the appropriate gradations that correspond to the degree of severity of the offence. Those are some of the examples we're rolling out as part of the reforms.

**Mr. Jim Eglinski:** For this money that Mr. Séguin mentioned, how much of that is allocated towards the implementing and strengthening of the compliance regime, or is that part of that money? Is it all combined in the program?

**Mr. Paul Thompson:** The amount that Alain referred to out of last year's estimate was a global amount. I don't have the specific portion that was attached to compliance. It's one of two main capacities. There's the capacity to actually conduct the labour market impact assessment and then the compliance activities. Those are the two main functions as part of the increased spending. I just don't have the specific breakdown. As Alain noted, we're in the process of confirming our numbers for the current fiscal year.

• (1705)

**Mr. Jim Eglinski:** I take it from this that we are increasing our compliance in the temporary foreign worker program altogether.

**Mr. Paul Thompson:** We are indeed.

An additional element is the government's decision to post the names of non-compliant employers where there has been a revocation of the labour market impact assessment. That's been implemented, and there are employer names that are now attached to that list.

**The Chair:** Thank you.

Madam Davies.

**Ms. Libby Davies:** We had a little bit of discussion earlier about child care, and the minister threw out the number of \$20 billion a year for what he said was a government-run national child care plan. I'm not sure what he meant by "government-run". You could have various interpretations of that. I'm just wondering whether or not the department has actually done any costing of the NDP plan that is being proposed.

**Mr. Ian Shugart:** I could clarify, Mr. Chair, but I don't believe we have costed that plan.

**Ms. Libby Davies:** Okay, so we don't really know what this \$20 billion refers to then.

**Mr. Ian Shugart:** I'm afraid you've lost me on the specific number.

**The Chair:** If I may, I might try to clarify for you, because my recollection of the testimony from the minister is that he talked about 1% of GDP as the estimated cost of the program that you're referring

to. Then he went on to extrapolate it for the \$20 billion value. We can check the records.

**Ms. Libby Davies:** So we don't know where we got the 1% from.

**The Chair:** Yes, the 1% is how he got to that number.

**Ms. Libby Davies:** But we don't know how he arrived at the 1%. Anyway, I was just curious to know whether or not you'd costed the plan that the NDP had come up with, because I just don't know where this \$20 billion comes from.

I want to switch gears, because CMHC is here. I'm from Vancouver, obviously one of the hot spots in the country around affordable housing. We recently had a rally in Vancouver organized by a young woman. It was her first time doing that and it was totally non-political. She organized a rally. Three hundred people showed up with a couple of days' notice and she developed a hashtag. Her first tweet ever she put in a news article, and it said #DontHave1-Million, meaning that's what you need to have to own a home in Vancouver.

I'd just relate this back to you, because certainly in Vancouver, there is a housing crisis, an affordability crisis, whether it's for a rental or for home ownership, whether it has to do with the lack of opportunities around co-ops or the whole operating agreements. I remember the days when CMHC was a great provider of grants and funds to develop not-for-profit housing. We can all think of the veterans housing that was built after World War II, probably when CMHC began. Now it seems to be really nothing more than a mortgage insurer.

In fact that's how the minister introduced you. What kind of future do we have in terms of CMHC being part of the solution and moving away from just being a mortgage insurer? I mean we have a crisis in this country in affordable housing, and CMHC used to play a very important role. I know that from being a municipal councillor for five terms and I know how important CMHC was. That's all gone now.

**Mr. Evan Siddall (President & Chief Executive Officer, Canada Mortgage and Housing Corporation):** Thank you for the question.

Mr. Chair, on behalf of the government, CMHC continues to provide \$2 billion per year in assisted housing programs. That includes \$1.7 billion pursuant to existing historic agreements and about \$300 million per year in new funding, most of which is provided in partnership with the provinces under the investment in affordable housing program with matching dollars. That has been about an additional \$2 billion over the 2008 to 2015 period, as I recall.

**Ms. Libby Davies:** I know that the figure of \$1.7 billion gets thrown around a lot, and I've had it in letters, but to be clear, those are existing long-term commitments as a result of mortgages that came about 25 years ago, or whenever it was. That's something you can see in its own separate way. In terms of new contributions, say, for the provision of cooperative housing which is a very affordable program and which has been very successful in Canada, we don't see anything from CMHC. Is there anything new that's on the horizon?

•(1710)

**Mr. Evan Siddall:** The investment in affordable housing program was first introduced in the economic action plan or 2008-09 and then renewed again and extended in 2013, as I recall. In addition to that, CMHC continues to provide research and support for assisted housing providers through our affordable housing centre as it prepares to transition from the end of some of those operating agreements that you refer to.

**Ms. Libby Davies:** Do you think it's important to have long-term, sustainable housing affordability coming from CMHC through government funds to ensure that continuity and the seed money that's needed for the provinces and so on?

**Mr. Evan Siddall:** We continue to provide policy advice to the government and ideas on additional programs and current programs, and as I said, we do help these housing providers transition to an era when those operating agreements expire.

**The Chair:** Thank you. That's over the five minutes and the end of that round.

Now we move to Mr. Butt.

**Mr. Brad Butt:** Mr. Chair, I'm going to continue to follow on the housing theme. I appreciate Mr. Siddall being here on behalf of CMHC and sharing some time with the committee this afternoon.

Is it not correct that in the case of most, if not all, of the operating agreements with federal co-operative housing that the operating subsidy expires at the same time the mortgage on the property is paid off? I know two co-ops in my riding are actually going to be net ahead of the game, because their mortgage is actually more than the subsidy they're getting from CMHC. Is that not correct: is that not how these agreements are structured, that when the mortgage is done, the subsidy ends?

**Mr. Evan Siddall:** That is exactly how most of those agreements are structured; that's right.

**Mr. Brad Butt:** So it is a fair statement to say that there are many co-ops across the country where their monthly mortgage payments to CMHC are higher than the actual subsidy they're getting to subsidize some of the affordable housing units within the complex.

**Mr. Evan Siddall:** If their mortgage....

Could you repeat the question, if you don't mind?

**Mr. Brad Butt:** If they're paying a 35-year mortgage of \$10,000 a month on the property—most of them were 35-year mortgages, as I understand it—but maybe getting only a \$6,000 a month subsidy to help subsidize the operation of the property and provide some of the units, they're actually \$4,000 a month ahead when the agreement ends.

**Mr. Evan Siddall:** I don't know if that's true, and in how many cases it's true.

I may have an answer here....

The answer is, yes, that is true.

Thank you to my colleagues.

**Mr. Brad Butt:** I'm not saying that's the case for all of them.

**Mr. Evan Siddall:** No, no.

**Mr. Brad Butt:** Some of them will be net, and some of them may have some issues, but as I understand it, most of them will at least net out even at the end of the operating agreements.

**Mr. Evan Siddall:** That's right.

•(1715)

**Mr. Brad Butt:** Right. The subsidy and the mortgage are essentially the same.

**Mr. Evan Siddall:** That's right, in most cases.

**Mr. Brad Butt:** They're now mortgage free.

Perhaps you could give us some comments on the housing market in general, what you're sensing, or what CMHC is sort of sensing. We get comments all the time: there's a bubble that's going to burst, and people are buying houses they can't afford. Could you share a bit of your expertise and knowledge on that?

As a supplementary question to that, what is the solvency and status of the mortgage insurance business that you are doing? Are you still feeling fairly bullish about how it's working? I certainly know from the investment property side, where many apartment buildings are being bought and sold and CMHC mortgage insurance is backing up those mortgages, that industry is very pleased with that program. They give me excellent feedback all the time.

Perhaps you could take a few minutes to give us your sense on a couple of those things. Again, I appreciate your being here today.

Thank you.

**Mr. Evan Siddall:** Sure. It's my pleasure to be here.

Mr. Chair, that was a two-part question. The first was on the status of the housing market, and the second was on the solvency of our mortgage loan insurance business.

With respect to the housing market, we endorse comments that in general Canadian housing markets are modestly overvalued. We're not dispirited by that. Markets go up and markets go down. Sometimes they're a little overvalued and sometimes they're a little undervalued. Our assessment in general is that markets are a touch overvalued.

Last year we published for the first time, and republished last week, as we will do quarterly, something called our house price analysis and assessment framework. It uses, based on economic background—I won't get into the technicalities of it because it will bore me and you even more, I'm sure—different measures of the market, the performance of the market and status of individual housing markets in 12 different cities in the country. In general, after that work, which was quite extensive, we pronounced a robust housing market that we think will evolve naturally.

As I said, markets are a little overvalued and they're a little undervalued. There were a couple we picked up as being of higher risk. Those were Regina, Winnipeg, Montreal... Regina and Winnipeg we thought were at high risk primarily because of overbuilding and oversupply in those markets, and Montreal and Quebec City at modest risk in part because of their price levels and some overbuilding as well, in particular in the condo sector, which is also a challenge in Toronto. In general, we believe the markets will evolve naturally, as markets do from time to time, and that's what we project for the future year.

We project a moderation in house prices. We do expect a potential decline in house prices in Alberta as a result of the oil price adjustment and in particular the unemployment that would result from that.

I'll just add briefly that with respect to the solvency of our business on the mortgage loan insurance side, CMHC returned \$2.6 billion of profit to the government in the past year. It's a very profitable business. That's all of our business, but the majority of that is our mortgage loan insurance business. We retained \$16.5 billion worth of capital in that business, which is almost double the regulatory minimum we think is needed from a solvency point of view.

**The Chair:** We're out of time on that round of questioning.

Committee members, we have to deal with voting on the estimates that we've been dealing with today. It's part of the business of dealing with the estimates, as we have today. I know there is a desire for perhaps one quick question in the next round.

Mr. Davies, if you have one quick question, I'll allow it. After two minutes I'll call it, and then I'll go back to Mr. Mayes.

**Mr. Don Davies:** Thank you, Mr. Chairman.

I have two questions to ask, so I'll have to make a decision. I guess I'll come back to this one. In total, \$40 million in the estimates was not spent for youth; 31% was underspent for adult literacy; and 25% was underspent for people with disabilities. I think the minister mentioned that the reason for this was the Magna Carta. That doesn't seem right to me.

I'm going to put it to you that the real reason this money wasn't spent was that there was an order from the minister to the department to balance the budget whatever the cost, even if that meant not spending moneys that had been authorized by Parliament to be spent on these targets. Is that the reason the money wasn't spent?

**The Chair:** I'll just remind the committee, as usual, that when we have government officials, there are some questions that are obviously bound to be answered because they deal directly with the subject matter, but if it is something they feel is outside their mandate, they are not obligated to answer.

**Mr. Ian Shugart:** We do not work, Mr. Chair, on the basis of overall funding approaches to grants and contribution programs. These programs are administered program by program on that basis alone. There are, in fact, many reasons, particularly when you look at the span of four or five fiscal years, as I think some of those numbers do, that account for variations year to year in spending, including underspending.

The minister referred to the results that are looked for. There is nothing actually automatic about the applications of these programs. They are assessed. There have been from time to time administrative difficulties, which our work on modernizing the administering of grants and contributions, we believe, will help and facilitate. But these are done on an individual program basis and the decision-making is based on a number of factors, including the particular policy objectives that are sought for each of those programs. Some are subject to changes in terms and conditions and policies, which will on occasion affect the level of take-up by the community.

It's very difficult to give a comprehensive answer, but I can tell the honourable member, through you Chair, that we administer these on the basis of each individual program and not under any particular fiscal objective.

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

Now, Mr. Mayes.

• (1720)

**Mr. Colin Mayes:** Thank you, Mr. Chair.

I have a quick question. I noticed with regard to the loan default for student loans, it says that the department will review policies and legislation to reduce student loan defaults and increase recoveries for loans. Is that an ongoing thing, because that was one of the things that was actually printed regarding loan defaults on student loans in the *National Post*. My son read it and he kind of ragged on me a little bit because he paid his way through, while you're letting people get student loans and then they're not repaying them.

I'm wondering. I know it's only 13%, but still, is there anything you have in the works to try to get better accountability from those students who get loans?

**Mr. Ian Shugart:** Chair, this is an entirely legitimate preoccupation of members of Parliament and of the department. When these loans are entered into, they are obligations upon the student who has taken the loan and we treat them as such.

That said, members will understand there is a wide variety of circumstances. There is the provision and acknowledgement of that through the repayment assistance program, where the status of the loan is rehabilitated and there are provisions made to facilitate that. There are also, as the chief financial officer could regale us with, write-offs in any given fiscal year. We take no pleasure from those write-offs. We're answerable for them, and we have measures under way with Canada Revenue Agency to work together to try to reduce those outstanding loans. We will continue with those efforts in the days and years ahead.

Chair, I wonder if I could, in the absence of Mr. Cuzner, make a small correction. There were a lot of numbers that we've heard and have given today. Reference was made to the number of hires in the call centres. My colleague has just confirmed that that was 101, not 138 as we had indicated. I would like the record to show that.

**The Chair:** Thank you. It has been duly noted.

That wraps up our time with the government officials.

On behalf of committee members, I want to thank all of you for being here. We do have to conduct about five minutes of business, and we only have five minutes. If you could make your exit fairly promptly and quietly, I'd appreciate that. Thank you for your professionalism in all that you do.

Committee members, we're now seized with going through a series of votes on the estimates and giving your chair direction as to how to report them. I'm going to ask six different questions very quickly, and ask for your response in terms of a "yea" or a "nay" on the votes.

CANADA MORTGAGE AND HOUSING CORPORATION

Vote 1—Reimbursement under the provisions of the National Housing Act and the Canada Mortgage and Housing Corporation Act.....\$2,025,629,000

(Vote 1 agreed to on division)

CANADIAN CENTRE FOR OCCUPATIONAL HEALTH AND SAFETY

Vote 1—Program expenditures.....\$3,969,600

(Vote 1 agreed to on division)

EMPLOYMENT AND SOCIAL DEVELOPMENT

Vote 1—Operating expenditures.....\$561,409,860

Vote 5—Grants and contributions.....\$1,712,658,484

(Votes 1 and 5 agreed to on division)

NATIONAL CAPITAL COMMISSION

Vote 1—Payments to the National Capital Commission for operating expenditures.....\$69,056,330

Vote 5—Payments to the National Capital Commission for capital expenditures.....\$23,665,000

(Votes 1 and 5 agreed to on division)

**The Chair:** Shall I report the main estimates 2015-16 to the House?

**Some hon. members:** Agreed.

**The Chair:** Thank you very much for that fast voting.

With that, the meeting is adjourned.





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