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Chair: Mr. Peter Fonseca



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• (1835)

[English]

The Chair (Mr. Peter Fonseca (Mississauga East—Cooksville, Lib.)): I call this meeting to order.

Welcome, everybody, to meeting number 91 of the House of Commons Standing Committee on Finance.

Pursuant to the order of reference of Tuesday, May 2, 2023, and the motion adopted on May 16, 2023, the committee is meeting to discuss Bill C-47, an act to implement certain provisions of the budget tabled in Parliament on March 28, 2023.

Today's meeting is taking place in a hybrid format, pursuant to the House order of June 23, 2022. Members are attending in person in the room and remotely using the Zoom application.

I'd like to make a few comments for the benefit of the witnesses and the members.

Please wait until I recognize you by name before speaking. For those participating by video conference, click on the microphone icon to activate your mike, and please mute it when you are not speaking.

For interpretation for those on Zoom, you have the choice at the bottom of your screen of floor, English or French audio. For those in the room, you can use the earpiece and select the desired channel.

I would remind you that all comments should be addressed through the chair.

For members in the room, if you wish to speak, please raise your hand. For members on Zoom, please use the “raise hand” function. The clerk and I will manage the speaking order as best we can, and we appreciate your patience and understanding in this regard.

We have a full room today. It's literally full here, but it's also full on the screen.

We thank all our witnesses. I know it was with very short notice that you had to pull your opening remarks and some of your materials together, but we thank you for doing that for us and for coming before our committee today.

You will be the last set of witnesses the committee will hear on this piece of legislation, so we look forward to hearing your opening remarks, as I said, and your answers to the many questions.

Now I have the opportunity to welcome our witnesses.

We have with us, from the Centrale des syndicats démocratiques, Kaven Bissonnette, who is the vice-president. Also joining us is the union adviser, Francis Fortier.

From the Convenience Industry Council of Canada, Anne Kothawala is with us today. She is the president and CEO. Welcome.

From Cosmetics Alliance Canada, we have Darren Thomas Praznik, who is in my hometown of Mississauga. He's coming to us virtually. He is the president and CEO.

From Humane Society International Canada, we have with us Michael Bernard, who is the deputy director of the organization.

From the Law Society of Ontario, I have an old friend, Cara-Marie O'Hagan. Cara, welcome. It's good to see you. I haven't seen you in many years. It was another life.

Here in the room, we have with us Frederica Carla Anne, also from the Law Society of Ontario, and Matthew Wylie, who is the director of policy.

From the Railway Association of Canada, we have president and CEO, Marc Brazeau. We also have the assistant vice-president of the Canadian Pacific Railway, Nathan Cato, and we have Eric Harvey, who is the senior counsel, regulatory, for the Canadian National Railway Company.

Locally, one of our witnesses is from the Ottawa Food Bank. We have Rachael Wilson, who is the CEO of the organization. Welcome.

Now we're going to have an opportunity for opening statements. We are going to start with the Centrale des syndicats démocratiques.

You have up to five minutes, please.

[Translation]

Mr. Kaven Bissonnette (Vice-President, Centrale des syndicats démocratiques): Thank you very much, Mr. Chair.

Thank you for the invitation.

I am the vice-president of the Centrale des syndicats démocratiques, the CSD, and I'm here to present the written brief jointly with the three other labour federations in Quebec: the Confédération des syndicats nationaux, or CSN, the Fédération des travailleurs et travailleuses du Québec, or FTQ, and the Centrale des syndicats du Québec, or CSQ. Together, our four labour federations represent more than 1,165,000 workers in all regions of Quebec, in both the public and private sectors.

In a joint brief, the federations are presenting a series of recommendations to the federal government to adjust the employment insurance program to the reality of today's work organization, pending a major reform of the program.

The program is broken, complex and inaccessible, and it also provides inadequate benefits. Before the pandemic, only 40% of unemployed workers in Canada were entitled to benefits. Part-time workers—especially part-time workers who are women—are struggling to accumulate enough hours of work to qualify for benefits.

We therefore recommend that a comprehensive modernization of the Employment Insurance Act be introduced and passed as quickly as possible in order to improve the program and meet the needs of workers as quickly as possible.

With regard to unemployment and seasonal work, we need to end the EI black hole. The weeks between the end of employment insurance benefits and the start of employment are what we call the “black hole”. To try to contain the EI black hole, the government adopted temporary rules in 2018. The government introduced a pilot project in 13 regions where EI is characterized by significant seasonal economic activity and high unemployment. This pilot project allows unemployed workers considered “seasonal” to benefit from five additional weeks of benefits, for a maximum of 45 weeks. The special measures were to end on October 28, 2023. Budget 2023 proposes extending these supports until October 2024.

For the labour federations, it's obvious that the end of the pilot project would be catastrophic. In those regions, workers choose to work in seasonal industries because full-time year-round work is often not possible or accessible, despite the many solutions put in place in the industries to extend the working season. People working in seasonal industries generally have long working weeks in the high season, and their work is often intensive and strenuous. They are the backbone of industries that are vital to communities, which unfortunately rely on a fragile and undiversified economic fabric. This situation is common across Canada.

The average duration of a seasonal job is less than 16 weeks, and the average duration of benefits is 17 weeks. The extra five weeks do not help fill the black hole for most seasonal workers, unless they live in a region where the unemployment rate is higher than 16%.

Quebec's labour federations reached a consensus containing 15 requests to reform the program, for example, to introduce a universal standard of eligibility for benefits after 420 hours or 12 weeks of work, and to provide a minimum of 35 weeks of benefits.

We also recommend that, pending a comprehensive reform of the EI program, measures relating to workers in seasonal industries be

amended to make an additional 15 weeks of benefits available to eligible claimants, and that the criteria for selecting claimants eligible for additional benefits be reviewed, so that it's no longer based on an individual's previous benefits, but rather on the employer's track record or the reason for seasonal layoffs. In other words, a person working for a seasonal company would automatically be eligible, given the nature of the company's activities. In addition, the calculation of the benefit rate would have to be calculated on the best 12 weeks of work, regardless of the regional unemployment rate, and additional benefits for seasonal work should be made permanent.

Furthermore, the creation of an appeals board is another important element in having a true tripartite appeals system. When it was announced in spring 2019 that an appeals board would be created to hear EI appeals, the Quebec labour federations welcomed this decision. Four years on, the situation remains unresolved.

Some progress has been made. First of all, all board members will have part-time worker status. This will ensure that the difference in status between part-time and full-time members doesn't lead to different levels of commitment and effectiveness. Second, Bill C-47 provides that appeals will be heard in the appellant's region, except in prescribed circumstances.

However, two major problems persist: the bill doesn't insist on in-person hearings, and the proposed new subsection 43.02(2) of the Department of Employment and Social Development Act states that the executive head of the Board of Appeal, who is responsible for managing the day-to-day work of the board, reports “to the Commission, through the Chairperson of the Commission, on the overall performance of the Board of Appeal”.

● (1840)

This means that the board of appeal will not be fully tripartite if its top manager is accountable only to the government representative of the Employment Insurance Commission, and not to the commission as a whole. In this regard, we recommend that the Employment Insurance Board of Appeal be established.

Still with regard to Bill C-47, in subclause 43.04(2), we recommend that the words “through the Chairperson of the Commission” be deleted.

We also recommend, in proposed subclause 43.16(2), that “in the format selected by the appellant” be changed to “in person, except in exceptional circumstances”.

Before I close, I'd like to mention one last point concerning workers who have experienced a lockout. A lockout is a unilateral decision by the employer. The workers didn't choose to go through this situation, because the lockout often ends after several months. When these people aren't called back to work, they don't have access to EI benefits because they aren't considered to be employed for the duration of the lockout. It's a situation they can do nothing about, and it puts them in an incredibly precarious financial and social situation.

This needs to be corrected, as do the federation recommendations.

• (1845)

The Chair: Thank you, Mr. Bissonnette.

[*English*]

Now we'll hear from the Convenience Industry Council of Canada, and Ms. Anne Kothawala, please.

Ms. Anne Kothawala (President and Chief Executive Officer, Convenience Industry Council of Canada): Thank you, Chair, and thank you to the members of the committee for inviting our association to speak with you this evening.

My name is Anne Kothawala, and I serve as the CEO of the Convenience Industry Council of Canada, the CICC. We are the voice of the country's 23,000 local convenience stores, employing more than 200,000 Canadians.

Allow me to paint a brief picture of the economic realities facing our local businesses.

• (1850)

Over the past two years, we have seen our store locations decline by 5%. That translates into three convenience stores closing their doors for good every single day. That not only impacts our employees and their families, but also affects the entire community, particularly in rural and remote areas, where we're the only source of essential goods.

We are heavily regulated businesses, so the future of our stores in Canada is heavily dependent on smart government policies.

We are deeply concerned by the inaction on credit card interchange fees and contraband tobacco in the 2023 budget. In the last 12 months, credit card fees have increased by 55%. These fees represent the second-highest cost to Canada's convenience stores, next only to payroll.

We also face a double whammy on credit card fees, as we pay both the interchange fee on the product sold itself plus an interchange fee on the tax of that product. This is an issue that our stores have worked with the federal government on since its initial campaign promise to address fees in 2019.

Despite years of work on this file, it is now clear that the government has caved to pressure from card networks and financial institutions. Make no mistake: The vast majority of small businesses will be excluded from this policy. Today's announcement doesn't change the fact that the government is allowing credit card companies and banks to force retailers to pay for their credit card loyalty programs.

The details of the scheme announced earlier today will help only the smallest micro-businesses in Canada. It treats most local businesses no differently than large corporations like Walmart or Costco. What's worse is that large corporations like those I just mentioned have the negotiating power to demand better rates than small businesses, so we are actually worse off than these major corporations.

No high-volume, low-margin business will be able to access this new rate, and even qualifying businesses will see, at most, a \$1,000 return to their bottom line. This is hardly the relief that we were promised.

This approach also penalizes our local businesses by asking them to pay for the privilege of being a tax collector for government. Tax alone accounts for 42% of our sales. Because convenience stores sell heavily taxed products like gasoline, tobacco and alcohol, we are further penalized by this short-sighted approach.

I'd like to share with you a quote from a local retailer, Jamie Arnold, who is a CICC board member and with Ontario-based Little Short Stop, on today's announcement. He said it was very disappointing to him as a small convenience retailer, because he wouldn't qualify, plain and simple. He said the government had promised to address this issue, but had not delivered. During the pandemic he kept stores open despite a massive decrease in sales, and it would have been nice to see the government acknowledge the essential role convenience stores play in communities by reducing their second-highest cost of doing business.

Bill C-47 presented an opportunity for the government to make good on its promise and do much more to rectify these punitive fees on our businesses. Instead, the government has caved to pressure from card networks and financial institutions, leaving local businesses like ours holding the bag.

While the government missed the mark today, there are other steps it can take to help our stores on interchange fees, namely, removing the interchange fees charged on the HST/GST portion of the sale. The government could also fix rates for fuel purchases made by credit cards to 10¢, which is in line with utility payments. I'm happy to speak to either of these proposals in the Q and A.

I would be remiss not to mention another area of inaction in Bill C-47, which is on the issue of illegal, untaxed tobacco. The proliferation of contraband contributes to organized crime and results in millions of dollars in lost tax revenue for governments annually. Federal leadership is needed on this issue, which was once contained to central Canada but is now a national problem.

Members, as you can see, there are no shortage of challenges facing our businesses. We strongly urge that the budget be further strengthened by revisiting the approach to interchange fees and by dedicating resources to addressing the long-standing issue of illegal tobacco, both of which impact our stores nationally.

I look forward to answering any questions you may have and discussing solutions with you on these issues.

Thank you.

The Chair: Thank you, Ms. Kothawala.

Now we'll hear from Cosmetics Alliance Canada, please.

Mr. Darren Praznik (President and Chief Executive Officer, Cosmetics Alliance Canada): Thank you very much, Mr. Chair.

It's certainly a privilege to appear before this committee. I've known several of the members for some time. I knew Mr. Blaikie's father a long time ago, when I was in Manitoba, so it's a delight to be here.

I'm in a rather enviable situation, in that my colleague, Michael Bernard, from Humane Society International, and I are here somewhat together. Since probably 2018-19, our organizations, along with a larger group of stakeholders, including Cruelty Free International and the Animal Alliance of Canada—we representing industry and Mr. Bernard with Humane Society International—have been able to come together to reach an agreement on principles for the implementation of a ban on cosmetic testing on animals in Canada.

We were able to come together on basically three principles: one, that it would mirror the ban in the European Union; two, that it would be implemented within the context of the Canadian regulatory framework for these products; and three, that it would actually be drafted by Health Canada and advanced by the government, so that it was sure not to have any unintended consequences; the regulator would ensure that it would be workable; and we could all come together and advance it, of course, as a government bill.

We're pleased to say that about two years ago, we were able to get all those details worked out. We worked with Health Canada officials in drafting the principles. They've shared with us, following the introduction of the budget bill, these provisions for amending the Food and Drugs Act. They have shared the details with us. We've had a chance to meet with the minister's office here, the legal staff, and together we have a joint letter that we've provided to the committee, which Mr. Bernard will be sharing with you and reading. We've been able to come together, industry and animal advocacy groups, to advance this particular cause. We're quite proud of that. We would certainly commend the inclusion and passage of these important amendments to the Food and Drugs Act through this bill.

We're not coming here as adverse stakeholders. In fact, we've been working very closely together, the whole group of us, for some time with Health Canada towards these amendments. I would be remiss, though, if I didn't mention one piece of this puzzle that we are still hoping will come to the attention of Health Canada, which is that Canada is a major exporter of cosmetic products to China. For some years, China has been one of the only countries in

the world that has specifically required animal testing on cosmetic products that are imported into China. After much lobbying by international industry, they amended their regulations. They provide an exemption to that unnecessary animal testing if those imported products have a government-issued GMP certificate.

Regrettably, most governments don't issue that. We approached Health Canada a couple of years ago. We worked with its officials. We developed a potential program that would allow for our dozen or so exporting manufacturers in Canada to take advantage of that. We thought we had worked through all the details. All these facilities are currently inspected by Health Canada, with either a drug establishment licence or a natural health products site licence, or they are ISO-certified. We thought we would get it. However, Health Canada sort of said, "Not our problem." Well, if it's not their problem, whose is it?

Currently, those products are being exported to China with a band-aid solution that the governments of Quebec and Ontario offered. We wanted to just flag that today. Despite the good intentions of the bill and all the work and the commitment that's there, there's still this piece that we need Health Canada to address. Granted, it is administrative, but we wanted to flag it with the committee today.

Mr. Chair, as I said, my colleague Mr. Bernard and I worked very closely together on this, and we're very glad. It's taken some years. We appreciate that COVID has taken time and delayed the drafting and presentation of this legislation, but I think that jointly we all strongly recommend to the committee that it be approved as part of the budget bill.

• (1855)

The Chair: Thank you, Mr. Praznik.

I guess you'll pass the baton over to your colleague from Humane Society International/Canada.

Mr. Bernard, the floor is yours for some opening remarks, please.

Mr. Michael Bernard (Deputy Director, Humane Society International/Canada): Thank you very much to the chair and members of the committee for the opportunity to provide comments on Bill C-47, specifically on the proposed amendments to the Food and Drugs Act pertaining to cosmetics testing on animals.

I am the deputy director of Humane Society International/Canada, part of Humane Society International, which has a presence in more than 50 countries, making us one of the largest animal protection organizations in the world. Our organization has been working for a decade in Canada to achieve these historic measures for animals, so we are absolutely delighted to see Canada moving forward with this critical legislation.

I am also very proud to co-represent with Darren a coalition of industry, animal protection, and retail companies that have been working together for the past few years to build alignment and consensus on the principles of this legislation. We sent a letter of support for this legislation to the committee by email, but unfortunately, due to time constraints, I was informed that there was not enough time to have it translated before these proceedings, so I would like to take the opportunity to read the letter into the official record.

The letter is dated May 17, 2023:

Dear Chair and Committee Members,

We are writing to you today to convey our full support for a ban on cosmetics animal testing as proposed in Bill C-47.

Who We Represent - A Broad Consensus of Industry, Animal Advocates, & Retailers.

The collective of our organizations represents a broad range of stakeholders including the cosmetics industry (150+ companies represented by Cosmetics Alliance Canada), animal protection advocates (Humane Society International/Canada, Animal Alliance Canada, Cruelty Free International) and their retailer partners (Lush Cosmetics, The Body Shop).

Since this issue was first raised in Parliament through a Private Member's Bill in the Senate in 2015, our group of key stakeholder organizations have been working together, and with Health Canada, to advance workable legislation.

The legislative language in Bill C-47 pertaining to a ban on cosmetics animal testing is consistent with the policy approach that our group has long been advocating for in discussions with Health Canada; that a Canadian ban align with the principles of the E.U. ban and the necessary amendments be drafted by Health Canada to ensure they work within the Canadian regulatory context.

We are thrilled to see this legislation...introduced and look forward to seeing its passage without issue into law.

Of note, Canada will be hosting the 2023 Animal Alternatives World Congress on August 23-27, 2023, in Niagara Falls, Ontario. Government, industry, and other stakeholders will be participating in this important international event.

This will be an ideal opportunity to highlight Canada as a leader in the development of animal testing alternatives and the banning of unnecessary animal testing on cosmetic products.

This letter has been signed by representatives of the organizations that I mentioned earlier.

What would this legislation do? This legislation would prohibit testing cosmetics on animals in Canada, selling cosmetics that rely on new animal testing data to establish the products' safety—with some exceptions—and false or misleading labelling pertaining to the testing of cosmetics on animals.

These measures would bring Canada into line with the 43 countries that have already introduced similar bans or restrictions, including the United Kingdom, the European Union, India, South Korea, Taiwan, New Zealand, Australia and many others. In addition, 10 U.S. states have also enacted bans, and further federal measures are in development in the U.S. and elsewhere.

Of course, there is tremendous public support for these measures here in Canada. In 2018, a public petition with over 630,000 Canadian signatures supporting a ban on cosmetics testing on animals was delivered to Parliament Hill.

Polling conducted in 2019 by Insights West found that 87% of Canadians support a ban on animal testing for cosmetic products.

It is important to note that modern non-animal methods are available for testing cosmetic safety issues and have been shown to pre-

dict human responses in the real world better than the animal tests they replace, so there is simply no need for animal testing for cosmetics in this day and age.

This legislation—and the history of this campaign—truly shows the great things that can happen when government, political parties across all party lines, industry, the non-profit sector and the public work together to create a better future.

Thank you, again, to the committee and all parliamentarians and senators for coming together on this important issue.

● (1900)

The Chair: Thank you, Mr. Bernard.

I'm going to take that virtual baton I talked about and pass it to a former colleague of mine, Cara-Marie O'Hagan, from the Law Society of Ontario.

Ms. Cara-Marie O'Hagan (Executive Director, Policy, Law Society of Ontario): Thank you very much, Mr. Chair. It's nice to see you again.

I'm here with my colleague, Matthew Wylie, from the Law Society of Ontario. We are speaking to the new mandatory disclosure provisions in Bill C-47.

I'd like to start with a few words about the Law Society of Ontario and the obligations of our members.

The law society regulates almost 70,000 lawyers and paralegals in the public interest. We protect the public, in part, by setting and enforcing standards of ethical conduct for lawyers. Lawyers have duties to keep client information confidential, to protect the client's privilege, to avoid conflicts of interest with their clients and to avoid assisting the client in dishonest or illegal conduct. These duties, along with the legal protection afforded to solicitor-client privilege, allow for the free and frank exchange of information between lawyers and their clients. Most importantly, they enable lawyers to serve as safeguards in the legal system. Clients can seek legal counsel with the benefit of full disclosure; in response, the lawyer provides advice that ensures the bounds of the law are protected and adhered to.

This dynamic is undermined by the proposed amendments to the mandatory disclosure rules in the Income Tax Act. As you are aware, the proposed amendments significantly broaden the instances in which lawyers would be required to report to the CRA on certain client transactions. They impose new reporting requirements on lawyers. The amendments could impact a significant number of transactions conducted daily in large and small law offices across the province.

In many cases, the amendments could work like this: The lawyer provides advice that the transaction—the one the client is engaged in—is compliant with the Income Tax Act. The lawyer could be required to report the transaction to the CRA, so the CRA could then challenge the lawyer's conclusion after the fact, to the detriment of the lawyer and the client. If the lawyer does not report, they and their client can face very significant penalties.

In our view, these amendments are counterproductive to the overall goal of encouraging compliance with the requirements of the Income Tax Act. If these amendments are adopted, clients may fear that their lawyers will report confidential information to the CRA. They may well avoid the essential step of seeking legal advice to determine whether their proposed course of action is, in fact, compliant, or they may withhold information that prevents the lawyer from providing the proper legal advice. In either case, the taxpayer will not have the benefit of the lawyer properly advising them on their existing reporting obligations in the legislation.

Although we recognize the protection afforded to solicitor-client-privileged information in the proposed amendments, the extent of the privilege is uncertain and, in our view, not a solution in this situation. We are also concerned about the constitutional validity of the new proposed mandatory disclosure provisions. In the case of *Canada v. the Federation of Law Societies*, the Supreme Court found “as a principle of fundamental justice that the state cannot impose duties on lawyers that undermine their duty of commitment to their clients' causes.” The court said this duty “is essential to maintaining confidence in the integrity of the administration of justice.” The proposed amendments require lawyers to report to the CRA on their clients' transactions, so the CRA can then scrutinize the transactions for impropriety. This requirement imposes an obligation on lawyers to act contrary to their “commitment to their clients' causes.”

The Law Society of Ontario offers two proposals for the committee to consider as fixes to these significant concerns.

Our preferred solution is to amend the definition of “advisor” under clause 68 and clause 69 of Bill C-47 to specifically exempt legal professionals from the reporting requirements when they are acting in their capacity as legal counsel.

The second option would be to maintain the relieving rule for lawyers, so that lawyers' compliance with the reporting requirements could be established by the lawyer's advising their client of the obligation to report the transaction to the CRA.

I'd be happy to provide further details about these solutions in the Q and A. Those are my remarks. Thank you very much for your time.

• (1905)

The Chair: Thank you, Ms. O'Hagan. There will be plenty of time during the Q and A.

We're now going to the Railway Association of Canada for opening remarks.

Mr. Marc Brazeau (President and Chief Executive Officer, Railway Association of Canada): Thank you, Mr. Chair.

[*Translation*]

Thank you for the invitation to appear before the committee.

[*English*]

Former member of the CTA and Liberal candidate in Manitoba Mary-Jane Bennett said that interswitching was inefficient—that it wouldn't correct problems with the supply chain, but amplify them.

Each switch adds to transit time. The more switches you do, the bigger the slowdown. The more you handle a car, the longer it takes to get moving. This measure undermines the capacity, the efficiency and the fluidity of Canada's supply chains and will harm all shippers.

In fact, that measure was tried between 2014 and 2017, and it failed. Extended interswitching adds, on average, one to two days to rail transit times. It was abandoned by this government after an independent statutory review of the Canada Transportation Act. This government's transport minister at the time, Marc Garneau, acknowledged that the policy was always meant to be temporary. Nothing has changed that would justify going back to extended interswitching.

Let's review why extended interswitching was sunset. First, is the lack of reciprocity in the U.S. Regulated interswitching does not exist in the United States. Under the government's proposal, U.S. railways will be able to solicit Canadian traffic at cost-based rates, without any reciprocity for CPKC and CN to do the same in the U.S. That means fewer available car loads for Canadian railroaders to move across Canada.

It may also mean less available work for port workers if shipments end up in Seattle rather than Vancouver, for example. These are good-paying, overwhelmingly union jobs. The combined network of CN and CPKC exceeds 60,000 kilometres of track. CN and CPKC have 27,000 employees based in Canada. U.S. railways' Canadian presence is mainly incidental, with just a few hundred kilometres of track.

[*Translation*]

Why should Parliament intentionally disadvantage Canadian railways to directly benefit U.S. railways?

[*English*]

Helena Borges, former associate deputy minister of Transport Canada, told Parliament in 2017 that extended regulated interswitching was “having unintended consequences on the competitiveness of our railways vis-à-vis the U.S. railways.” Long-haul interswitching was the government's much-consulted response. Now the government wants to resurrect a policy it already recognized as a failure.

The second reason for sunseting was the non-compensatory rate. Bill C-47 will force Canadian railways to move traffic, sometimes in the wrong direction and always at below-market rates. The 2016 review found that below-market rates were inappropriate because they hurt railways' ability to reinvest in their networks. Everything we purchase is at market rates, from buying steel to paying salaries. Railways cannot be the only parts of our supply chains that are not operating at market rates.

The transport minister's office, in the National Post this morning, acknowledged that extended interswitching creates congestion. It admitted that's why they're not doing it in Ontario, Quebec or British Columbia. The fact that this measure will apply only in the three prairie provinces proves that this is not evidence-based supply chain policy.

The national supply chain task force never consulted railways on interswitching before its final recommendation. Canadian grain shippers already pay some of the lowest freight rates in the world. To move one ton of grain one mile in Canada, it costs on average just 2.97¢ U.S.

Our class I railways both set historical records for grain movements this past year. This was made possible by a combined \$1-billion investment in new grain hopper cars, built in Hamilton, Ontario, and by tens of billions of dollars of investment in capacity and technology over the last decade. An independent study conducted this past January by CPCS found that Canadian freight rates are the lowest among market economies. In fact, they are 11% lower than in the U.S. These rates support the competitiveness of Canadian railway shippers.

- (1910)

Extended regulator interswitching is a cure in search of a disease. There is no justification for market intervention, particularly through a policy as egregious and ill-advised as extended regulated interswitching.

[*Translation*]

The government's decision to eliminate this policy was the right one. It was based on facts and evidence.

[*English*]

Long-haul interswitching was the government's solution to the problems with extended regulated interswitching. The former is based on market rates for comparable traffic, and the latter is the below market regulated rate. Those asking for this policy want a cheaper rate. It is not about improving service, nor is it about improving competitiveness.

Extended interswitching will do the exact opposite. The only winners of extended regulated interswitching are U.S. railways. To limit the harm to Canadians, division 22 must be amended or deleted entirely.

We're asking, at a minimum, that rates be market based and applicable to Canadian origins and destinations. You'll find more details in our brief.

Mr. Chair, it is collaboration and not more economic regulations that move supply chains.

My colleagues and I will be happy to take questions.

[*Translation*]

The Chair: Thank you, Mr. Brazeau.

[*English*]

We're now going to hear from the Ottawa Food Bank.

Ms. Wilson, please go ahead.

Ms. Rachael Wilson (Chief Executive Officer, Ottawa Food Bank): Thank you. My name is Rachael Wilson, and I have the privilege of serving as the CEO of the Ottawa Food Bank.

We don't talk about solving hunger at the Ottawa Food Bank. Hunger is solved with a meal. Our network is composed of 112 emergency food programs across the city and deals with the symptoms of poverty every single day. It should come as no surprise to anyone that there are simultaneous health care, affordable housing and food security crises. They are deeply linked. That is why we support comprehensive policies that address the underlying issues of poverty in our country.

Today I am here to discuss the grocery rebate. While any additional money that goes back into the pockets of our clients is crucial, this rebate alone will not bring significant change. It doesn't go far enough. The most a family will receive is \$467. To put things into perspective, in Ottawa the cost of maintaining a healthy diet is a staggering \$1,088 for a family of four per month, according to the Ottawa Public Health 2022 nutritious food basket.

I listened to my colleagues from the greater Toronto area last night, and they shared the perspective from their community. This is not a big-city problem. There are food banks in every community right across this country. Here in Ottawa, the nation's capital, we are the fifth-largest food bank in the country.

Last year, one in seven households in Ottawa reported experiencing food insecurity, a significant increase from one in 15 just five years ago. This year, we saw an 86% increase in visits since March 2019. These are not just numbers on a spreadsheet. They are families, individuals, seniors and children.

I share these numbers with you, but I wonder what impact they will make. We saw food bank client numbers rise by 28% following the 2018 recession, and those numbers never came back down. The numbers are rising now by 30%. Is that enough people struggling in our country? Of the clients we serve at the Ottawa Food Bank, 37% are children. What number of children is enough? Is it 40%; is it 50%? Does half of our city need to be food insecure before we take any meaningful action? What more needs to happen before we decide to take the necessary steps to ensure that every Canadian has food and a house?

I want you to think about the entire province of British Columbia, around 5.4 million people. Imagine the entire province going without food for days. I want you to think about the health impacts that would have, the loss of productivity and the impact on the economy. What would that mean for children and their learning? That is what is happening right now in our country. There are almost seven million people in Canada who are food insecure. If an entire province were shut down because people were not able to eat, we would declare a crisis immediately. I am confident every effort would be made to support those who were impacted.

If I sound dramatic or over the top, I assure you, I am not. I have worked at the Ottawa Food Bank for seven years and have never had to make the kinds of decisions we are making today about who gets food and who goes without.

I urge you to see this as a non-partisan issue. Food banks in Canada have been around for 40 years. We have seen every type of government come and go, yet food banks remain and continue to fill the gap left by government policy.

What legacy does this government want to leave? The Ottawa Food Bank is ready to partner with you to eliminate food insecurity and poverty in our community by ensuring policies that prioritize the most vulnerable, including the continued investment in the Canada child benefit, the expansion of the Canada workers benefit, a minimum income floor for all Canadians, and a policy that encourages the construction of affordable housing.

As you've heard from my food bank colleagues across the province, our resounding message is clear. Food banks are no longer a stopgap measure. We have been a lifeline in the face of every crisis. Our communities look to us for support and hope in their time of need.

What they need from you are solutions and policies that help everyone thrive. I urge each one of you to consider the voices of those who are most affected by poverty and food insecurity. I urge this committee to recognize the pressing need for income-based systemic solutions to address chronic poverty levels in all of our communities.

Thank you.

• (1915)

The Chair: Thank you, Ms. Wilson.

Thank you, witnesses, for your opening statements. I'm sure the members are eager to ask you many questions. We have many witnesses, members, so just in case, you may want to point your question to whichever witness you want to address it to.

We are starting with the first round. Each party will have up to six minutes for questions. We're starting with the Conservatives.

I have Mr. Chambers up first, for six minutes.

Mr. Adam Chambers (Simcoe North, CPC): Thank you, Mr. Chair.

Ms. Wilson, thank you for your testimony. I know you watched our testimony last night. We covered a lot of ground with your peers.

One of the things we asked them was to share—and we don't want to create work for an organization that is likely understaffed and overworked—some statistics in terms of what they were seeing with some of their clients. I'm not asking you to disclose the same thing now, but maybe you have a monthly report or something that you already do. We would appreciate receiving that.

Ms. Rachael Wilson: We would be happy to submit.... We do a hunger count every single year that clearly identifies those who are accessing food banks and the reasons they're accessing food banks.

I can tell you briefly that this year we've seen a significant increase in the number of two-parent families that are accessing food banks, and the number of those people who are employed has increased by 37% over last year's numbers.

We continue to see families, individuals, seniors—people from all walks of life—accessing food banks, and we'd be happy to submit a report that indicates that.

Mr. Adam Chambers: Thank you very much.

I'm going to move on. I know some of my colleagues also have some questions for those of you who weren't with us last night, so I want to leave them the opportunity to come back to you.

Ms. Kothawala, I want to talk a bit about credit cards, which is a topic that always bubbles back up every few years. I know for your members it's probably an ongoing issue, but it always gets brought to the fore. You made a couple of comments, and I just want to unpack them a bit. You said that 42% of the revenue of your members actually goes to taxes that they then remit to government? Did I get that right?

Ms. Anne Kothawala: That is correct. It's because a number of the products that we sell are highly taxed products, like gasoline and tobacco. Unfortunately, we can sell beverage alcohol in only a few provinces, but in the province of Quebec these are all highly taxed products.

• (1920)

Mr. Adam Chambers: That's right. I don't think it's any surprise that the profit margins on these highly taxed products are obviously—and I can say this without giving any confidential information away—quite low.

Ms. Anne Kothawala: They're very low. I think there are a lot of misconceptions, particularly on the gasoline side. That's why that's one of the examples we've used. Currently, when you go to a gas station—let's say it's for a \$60 fill-up—there's a processing fee of roughly \$1.20 when you fill up your car with gas. If you go to the same station and they have an EV charging ability, it would be a 10¢ flat fee. Why is that? It's because that's treated as a utility.

That's one of the areas in which we think some progress could be made in recognizing that the retailing of fuel is not what people think it is. The profit margins, as you point out, are extremely low. In fact, in Atlantic Canada, where the price of gas is regulated, we had retailers who were literally losing money.

Mr. Adam Chambers: I assume that's what is partially driving—you also mentioned another sobering stat—the fact that 5% of your members' stores are closing. Was that over a year, or was that over a couple of years?

Ms. Anne Kothawala: That was over the course of two years. The last time we surveyed our members and looked at the data, that's why we said it was the equivalent of three stores closing over the course of 2021, because that was information from our report last year. We're in the field right now to determine what the 2022 numbers will be, and we suspect they'll be even worse, based on reports we're getting back from our members.

I think the one thing that's really important to point out is that a disproportionate number of closures are actually happening in rural communities across this country, where the local convenience store or gas station is often the only game in town.

Mr. Adam Chambers: You mentioned this utility issue. To me, it just seems like a matter of fairness, right? The government is benefiting, obviously, from the sale of these highly taxed products. We've asked the retailer to remit the tax, but there's basically a fee for collecting it and remitting it. That fee has to be paid from the profit margins on the rest of the goods in the store, because the profit margin on that \$60 of gas is probably only \$1.20, or it's quite a small number, right?

Ms. Anne Kothawala: It's quite small. You're absolutely—

Mr. Adam Chambers: Is it fair to say that your members have to sell more of other things, basically, just to pay a transaction fee to collect the tax and send it to the government? Is that about...?

Ms. Anne Kothawala: That is a very fair assessment.

Again, that's why convenience stores are unique. I know that the announcement took place at a small, independent bookstore. It's a lovely business, but it's very unlike a convenience store, because of the nature of the products it sells, which are not highly taxed. Our simple argument to government is that we should not have to pay for helping the government do its job of collecting taxes.

Mr. Adam Chambers: I have a final question.

You mentioned the fees being the second-largest expense, second only to salaries, I believe.

Is that even more than rent?

Ms. Anne Kothawala: Yes, and that is something we have seen as a result over the course of the pandemic. As many of us may recall, at the beginning of the pandemic, people stopped using cash. In fact, some retailers didn't accept cash, because we still didn't know enough about the nature of COVID.

Contactless payments have gone through the roof. They've increased by 55%.

Rent used to be the second-biggest cost of doing business for a convenience retailer. That has now been overtaken by credit card fees.

Mr. Adam Chambers: Thank you very much.

I want to be fair to all of my colleagues. I think we are a little over time. I apologize, Mr. Chair.

The Chair: It's all good. Thank you, Mr. Chambers.

Now we're going to hear from the Liberals.

We have MP Chatel, please.

Mrs. Sophie Chatel (Pontiac, Lib.): Thank you, Mr. Chair.

Thank you, Madam Wilson, for your testimony.

We heard from other food banks earlier this week. It's a heart-breaking story.

I'm part of the national capital region. I'm in the Pontiac, just on the other side of the river. I have over 10 organizations trying to ensure food security at a time of crisis. I know that it has been very hard for people in my riding. I have among the poorest what we call "MRCs"—*groupements* of municipalities—in the whole Quebec region.

Times are hard with the inflation crisis. I was talking to colleagues in the U.K. who are working in charities. They are experiencing inflation of above 10% in the U.K. Prices for housing were already really high. Things are really hard.

We have tried to make life more affordable for Canadians.

Hopefully, the grocery benefit that we have helps some of the most vulnerable. We now have the dental benefit. We know that for children especially, going to the dentist is not affordable for many, and hopefully it helps with that. Students, too, are among the most vulnerable. I don't know about Ottawa, but I suspect that a lot of students are showing up at your door. We help them by eliminating interest charges....

For small businesses, we are lowering credit card fees as well. On predatory lending, some families resort to some lending...and then they're charged astronomical amounts of interest that they can't repay, keeping them in poverty. We have the workers benefit now at \$2,400, benefiting 4.2 million. Child care also makes life more affordable. We have indexed to inflation a lot of the benefits.

Overall, we have lifted 2.7 million Canadians out of poverty since 2015. By the way, for all measures except one, the Conservatives voted no, so when they say they care about the situation of poverty in Canada, I just don't believe it at all.

Additionally, what we've done in the budget is to help with the food banks directly. We have a \$50-million surplus food rescue program and a \$200-million emergency food security fund. Can you tell us how these two programs help you?

• (1925)

Ms. Rachael Wilson: Absolutely. Those were very beneficial during COVID. We distributed funds out to our network of 112 agencies. Most of them used it either for purchasing of food or for staffing.

We lost a lot of volunteers during COVID, and staffing is critical for us to be able to help people move out of poverty. Food banking has expanded and become much more of a professional industry than it ever was, relying on well-trained, skilled people to help access supports and resources for people.

Unfortunately, those funds were completely spent. There is no money left from what we received.

We are back to serving more people. Unfortunately, the cost of groceries has gone up so high that even we, as an organization, are spending more and are not able to put out as much as we used to.

Before the pandemic, we were spending \$1.4 million on food. This year, we'll spend well over \$6 million—getting close to \$7 million. We were a \$15-million organization before the pandemic. We are now a \$25-million organization. That is partially because of the cost of everything and the increased number of people who are accessing food banks.

Mrs. Sophie Chatel: I know in my riding, what's very important is the collaboration with grocery stores, to have what we call the *invendu*, food that is not being sold. The partnership over the years has improved, but there's a lot of work still to be done in collaborating.

Is there more to be done with other businesses that could help contribute to the well-being of our communities?

Ms. Rachael Wilson: Here in Ottawa, we are one of the largest recoverers of food in the province. We do a significant amount of food recovery with grocery stores.

All of the major chains participate with us, and we're very grateful for their support. However, we really would prefer that the food banking system not exist at all. We would prefer to go away completely and allow people to purchase food at grocery stores, choosing what is most appropriate for them and their family and purchasing it when and where they want.

• (1930)

Mrs. Sophie Chatel: There's a bit of good news on the inflation rate, but groceries are still very high, depending on the item. What happens too is that some families are sometimes resorting to buying products that are not fresh or good. Fast food, unfortunately, might be cheaper. I know families who are going to the dollar stores sometimes to buy food for their children.

What else do you see as a program that could help you?

Ms. Rachael Wilson: We see that a lot, that people are doing their grocery shopping at the dollar stores.

I give this example often, though it's not as valid anymore. It used to be that you could buy a hamburger at a fast-food restaurant for about a dollar, or you could buy an apple. Most families in precarious situations will choose the hamburger, because it will fill them up more, but it's often low-nutrient, not high-quality food.

Food banks like ours right across the country are investing significant dollars in purchasing fresh items. Those are the most expensive items. We spend \$60,000 a month on eggs alone. We also spend about \$30,000 a month on milk. We know families can't afford them, so when they come to a food bank, we give them high-quality, highly nutritional items. With any money they have, they can buy other items to help bulk up.

The Chair: Thank you, MP Chatel.

We're now going to the Bloc for questions, and Mr. Ste-Marie, please.

[Translation]

Mr. Gabriel Ste-Marie (Joliette, BQ): Thank you, Mr. Chair.

First, I would like to welcome all the witnesses.

Thank you for being with us on such short notice on a Thursday evening. I'm really impressed to see so many of you around the table, which is rare. I thank you for that, and I really appreciate it.

There has been a lot of information in all the presentations so far. Not every member will be able to ask all the questions they'd like, because we're going to run out of time. However, I want you to know that we're taking note of all the information that came out of your testimony and in the various exchanges.

Ms. Wilson, what you're telling us is heartbreaking. We heard from your colleagues from other food banks yesterday, and we could see that the current situation is truly catastrophic. It has to change.

So I want to take the time to thank you for what you do. You're changing the lives of so many people.

As one of my colleagues said yesterday, your work reminds us of the importance of having social services and a social safety net to prevent this kind of situation.

I also want to turn briefly to Ms. Kothawala. We're well aware of all the challenges you face. We'll continue to listen to you and pass on your demands, so that they're reflected in the budgets, not only in words but also in measures that bring about real change.

Since my time is limited, I'll address my questions to Mr. Bissonnette and Mr. Fortier.

Thank you for being here.

Basically, your position is that of the Centrale des syndicats démocratiques, where you're from. However, since it deals with a central element—the EI program—it's also the position of the Confédération des syndicats nationaux, or CSN, the Fédération des travailleurs et des travailleuses du Québec, or FTQ, and the Centrale des syndicats du Québec, or CSQ; in short, of just about all the labour federations in Quebec.

The central problem is that the EI program as it currently exists isn't working and needs to be modernized. So I'd like you to hear your thoughts on the subject.

Mr. Kaven Bissonnette: Thank you for your question.

I represent all the labour federations in Quebec. During the pandemic, we saw simplified accessibility rules that greatly improved the situation, but those rules disappeared, and we're back to square one. As I said at the outset, accessibility is lacking. What's unfortunate is that the people most affected are mainly women, people who work part time or who have a precarious job. These people aren't able to qualify for EI benefits.

It's important to remember that people don't turn to EI by choice or for pleasure, and just because they have a full-time job doesn't mean that there aren't situations in life where they need that social safety net, as you so rightly said earlier. So there's that element as well.

Then there are seasonal workers. Canada is a big, beautiful country, and people say they want to revitalize our regions, but often the only jobs available in the regions are seasonal jobs. Even if these people work intensively for slightly shorter periods of time, if they find themselves in a hole, with no income, because we're unable to make benefits accessible for an adequate period of time, we're ultimately devitalizing our regions and encouraging these people to leave the regions and settle in the major centres. I don't think that's the spirit of the legislation.

The Employment Insurance Act is a social piece of legislation, and its provisions must be accessible. We've found that for people who have to go through the process to access this program, it's like climbing Everest. It's insurmountable and complex. Administrative directives aren't clear and change from one officer to the next. It needs to be made simpler and, as I said before, it needs to be made humane.

• (1935)

Mr. Gabriel Ste-Marie: Thank you. I quite agree. Barely four out of 10 workers who lose their jobs are covered by employment insurance, or EI, so it's safe to say that the system isn't accessible.

Something else really upsets me. The government is saying that, because the EI fund has to break even in seven years, it's going to

take \$17 billion in taxpayer money to cover the deficit it ran up during the pandemic. In contrast, the government was there for just about every sector and paid for everything else during the pandemic.

The chair seems to be growing impatient. How much time do I have left? Do I have 10 minutes?

[English]

The Chair: You have a minute and 20 seconds.

[Translation]

Mr. Gabriel Ste-Marie: All right. I have time left.

All the government is doing in Bill C-47 is extending, for one year, a temporary measure to address the gap in the targeted regions. Is that enough?

Mr. Kaven Bissonnette: No.

Extending the measure for a year is fine, but it shouldn't end. We make the point in our brief that ending the measure would be disastrous for the regions. The measure needs to be made permanent, it needs to become standard, and it needs to be enhanced.

Mr. Gabriel Ste-Marie: All right.

Thank you.

Next time around, I'll have questions for you about the appeal board.

The Chair: Are you done, Mr. Ste-Marie?

Mr. Gabriel Ste-Marie: Yes.

The Chair: Very well. Thank you.

[English]

Now we're going to the NDP and Mr. Blaikie for six minutes.

Mr. Daniel Blaikie (Elmwood—Transcona, NDP): Thank you very much.

I want to echo the thank yous that have already been made to our witnesses, both for the work that you do—in particular, our witnesses from the food banks, who have been doing extraordinary work over the last number of years to serve people in distress—and for being willing to appear on short notice. I know this has been a difficult process in that way.

I want to ask Mr. Brazeau, Mr. Cato and Mr. Harvey a question.

We've heard a fair bit from pulse and grain growers associations around the table on interswitching. We've heard a few different things.

We've heard that their intention isn't to use American railways at all. They just want to enhance their bargaining position.

We've also heard that, in their view, because Canadian crews are required in Canada, that means we're going to see whether there are interswitching unionized crews in Canada carrying goods on short lines. I wonder if you may have some comment about that.

We've also heard that they would expect a significant amount of public investment in short-line infrastructure in order to make use of the interswitching that they say is for better bargaining.

I wonder if you might help zero in on which claims you think are consistent with the way rail freight works and where there may be some discrepancies.

Mr. Éric Harvey (Senior Counsel, Regulatory, Canadian National Railway Company, Railway Association of Canada): Thank you for this invitation to speak today. We appreciate the time you're giving us with your question.

On the use of U.S. railways, the only thing we can say about it is that from 2014 to 2017, U.S. railways were used and interswitching was used to move traffic to the U.S. There is no doubt about it. It's not just a detail. It was significant volumes.

On crews and short lines, I think I understand that this kind of chain reaction between interswitching to the point where.... I would certainly say that before you get there, my sense is that the better approach is to hold on to the jobs we have now, which are moving traffic and which are the Canadian jobs we already have in place.

Most of the traffic we move goes to market. It goes to Vancouver, Rupert and the east coast for export. That traffic moves long haul. Our employees move that traffic long haul. Developing a policy that would detract from this to focus on the short move would certainly be a bit challenging at times in terms of its implementation. Frankly, I think it would reduce capacity in the supply chain if you focus the resources there instead of on the long haul.

For us, really.... I want to insist on this because Marc, in his opening remarks, indicated that we have many employees in this country. We have large investments in this country for which there is no comparison to any U.S. operator. We do this with an expectation of a return, which I think is a legitimate expectation considering that all parties in the discussion are business entities and what we're trying to achieve is essentially providing an efficient service to all our customers—to whom we have a level of service obligation.

Bear in mind that the traffic that goes to the U.S. is the most damaging, because suddenly we lose the revenue and our employees lose the work. For us, frankly, suggesting that there would be some form of compensation through employees and short lines is certainly not something that is obvious to us.

● (1940)

Mr. Daniel Blaikie: Normally, when we think about supply chain efficiency, there are at least three categories that jump off the page. You would think that if we're going to have a more efficient supply chain, we're going to lower our capital costs, we're going to lower our labour costs or we're going to lower the amount of time it takes to move product.

How does interswitching fare on any of those three metrics?

Mr. Éric Harvey: Interswitching is not an efficient way to move traffic. To use the example of the air mode, we all know that a direct flight is always more efficient than a stopover, let's say, from Calgary to Toronto to Ottawa, or to Winnipeg in your case, for example.

Interswitching, to some degree, is similar to this. If I take the example of traffic that originates on CN and moves to Vancouver, we take the traffic on our lines and we move it all the way to Vancouver on our lines. If we have to interswitch the traffic, what happens is that the traffic originating on CN will be given to CP at an interchange, using CP equipment. CP brings us empty cars. We bring the empty cars to the origin. We bring the loaded cars to the interchange and then CP picks them up to move them to Vancouver.

In normal circumstances, our best estimate there is that you certainly have one to two days of transit time. At the scale of our operation, if you start increasing the transit times, you're cutting capacity—to the point you're making.

Grain is a good example, because more and more we're moving grain in unit trains, which are very efficient moves. We have very good commercial agreements with our customers on that. Frankly, we're—

The Chair: I'm sorry, but we're out of time. I know we'll go way over if we continue.

Members and witnesses, I just want to let you know that a notice of meeting went out, and it had the list of witnesses. One of the witnesses was not captured, who came into this kind of late. We have her here with us today.

Ms. Frederica Wilson, I apologize. I did not recognize you under the Federation of Law Societies of Canada, so members and witnesses, please indulge me for a minute or two.

Ms. Wilson, please let the members know who you are and who you represent, and then we'll get right back into our second round of questions.

Ms. Frederica Wilson (Executive Director and Deputy Chief Executive Officer, Policy and Public Affairs, Federation of Law Societies of Canada): Thank you very much, and thank you for giving me the opportunity to speak briefly.

I work with the Federation of Law Societies of Canada. We are the national association of the provincial and territorial regulators of the legal profession, of which the Law Society of Ontario is one.

The fact that we are here as well as the Law Society of Ontario is a testament to the seriousness with which we see the issues that my colleague Cara O'Hagan spoke about before. In short, these are the amendments to the Income Tax Act and to the mandatory disclosure rules. I'm not going to repeat anything that Cara said. I agree with everything she said, and it reflects the position of the Federation of Law Societies.

It is important, however, that I emphasize a couple of things. The first thing I want to say is that we provided you with a written submission on April 25. I commend it to you. It sets out our position more fully.

The second thing is that the goals of the legislation are not at issue for us. We don't have a position on them, but they aren't something we would oppose. Cracking down on tax avoidance or tax evasion is a public good, and we would not quibble with that, but we would say that whatever means the government adopts to accomplish that goal must be done in a way that is both constitutional and respectful of the principles of fundamental justice that Ms. O'Hagan spoke about.

I listened today to the other witnesses here, and I think we have a tough job representing the regulators of lawyers, legal professionals, Quebec notaries and Ontario paralegals. We don't often get a sympathetic ear, so I want to stress one thing. The principles of fundamental justice exist for the protection of the people of Canada. They don't exist for the protection of lawyers. They are fundamental to our system of justice.

Ms. O'Hagan referred to the decision of the Supreme Court of Canada in the case that the Federation of Law Societies brought involving the proceeds of crime legislation. The judgment makes quite clear—there are some eloquent quotes, some of which are included in our brief, but I won't go into them—that these principles are pillars of our system of justice.

When you consider the position that we are advocating today, please keep those matters in mind.

• (1945)

The Chair: Thank you very much, Ms. Wilson, and welcome. We're glad to have you here.

Members and witnesses, we're moving into our second round.

We're starting with Mr. Morantz, please, for five minutes.

Mr. Marty Morantz (Charleswood—St. James—Assiniboia—Headingley, CPC): Thank you, Mr. Chair.

Ms. Wilson, most of my questions, if not all, will be directed to you. I want to let you know that we had two food bank representatives here last night, Mr. Hetherington and Ms. Nicholls, and they painted a pretty terrifying picture.

Before I get into that picture and ask you about your experiences, I want to say for the record that we voted for the grocery rebate, contrary to statements made at this committee meeting a few minutes ago. I wanted you to know that.

Mr. Hetherington, in particular, said a number of really terrifying things. He said, "Let me be very clear—we are in a crisis," and, "The Daily Bread Food Bank and food banks all across the city are at a breaking point".

Would you agree with those statements?

Ms. Rachael Wilson: Absolutely, I would agree with my colleague in Toronto.

Mr. Marty Morantz: They also said that first-time users are at an all-time high. Would you agree with that statement?

Ms. Rachael Wilson: We continue to see people using food banks who haven't had to use them in many years, as well as newcomers to Canada and new people who are accessing food banks.

Mr. Marty Morantz: He said that in Toronto, before the pandemic, there were about 65,000 food bank users a month. Now, there are 270,000 users a month.

Is that consistent with your experience?

Ms. Rachael Wilson: We saw an increase of about 30% over last year and, as I said, 86% over 2019. Our visit numbers are 400,000 a year.

Mr. Marty Morantz: The reason I'm pointing this out is that if you listen to government members, they'll tell you Canadians have never had it so good. They'll say, "Look at all the programs we've created."

The real-life reality on the ground, what we've really learned, is far different.

I'll take you through some other things the food bank representatives said. They said many of their clients pay 100% of their income just for housing.

Is that something that you have any knowledge of or experience with?

Ms. Rachael Wilson: We don't have direct numbers on that here, but we know that the majority of the people we serve are living in private rentals right now, because they can't get into affordable housing, so they're spending a significant amount more on housing.

Mr. Marty Morantz: Ms. Nicholls said that 5% of Mississaugaans use food banks, which I thought was just a stunning number. I'm not asking you if that's the same in Ottawa, but it doesn't sound like Canadians have never had it so good, from what I've been hearing.

This is an interesting one. Both of them said that the grocery rebate will not help. What's your view of that?

Ms. Rachael Wilson: We are always pleased to see when money is put into the pockets of Canadians, and it is really important to ensure that people have access to those funds that directly impact their ability to purchase things when they want and where they want. However, we recognize that for the majority of people accessing food banks, that fund will probably not go towards groceries. It will, in fact, go towards housing, hydro and utilities.

Mr. Marty Morantz: Mr. Hetherington also rang the alarm bell on the unemployment rate being so low. He said the unemployment rate is next to zero, but food bank usage has never been as high. He said that what keeps him up at night is what if things go sideways. What if the unemployment rate goes up? What if we slip into a recession? His food bank, he says, will be broke in a year and a half. They are depleting their reserves that fast.

I'm wondering if you have the same worries.

• (1950)

Ms. Rachael Wilson: We absolutely have the same worries. As I mentioned before, the numbers after a recession went up again, and they did not come back from the 2008 recession. We have significant concerns about the sustainability of this system right now, when we are serving people one, two, sometimes three times a month. Some are receiving almost a full month's worth of food. We cannot sustain that at this increased level.

Mr. Marty Morantz: My last question for you would be this: If Canadians had their take-home pay increased a little, even marginally, through a tax reduction or something like that, do you think that would help the situation?

Ms. Rachael Wilson: More money into the pockets of Canadians is always a bonus, but we recognize that about 60% of the people accessing food banks here in Ottawa are actually on some form of social assistance.

Mr. Marty Morantz: I'm sorry, but I have one more question on that point, by the way. The other thing they said—and this was really stunning—was that at the Daily Bread Food Bank, the number of people who were using the food bank and who derived their income from employment doubled from 15% to 33%, in a time when the government is telling us that Canadians have never had it so good. These are the working poor, who are having to come to food banks.

Are you seeing a spike with those people coming as well?

Ms. Rachael Wilson: We are, unfortunately. We've seen a 37% increase in the number since 2019.

Mr. Marty Morantz: Those are all my questions. Thank you.

The Chair: Thank you, Mr. Morantz. Now we're going to the Liberals and Mr. Baker, please, for five minutes.

Mr. Yvan Baker (Etobicoke Centre, Lib.): Thanks, Chair, and thanks to all the witnesses for being here today.

I'd like to start with a question to Ms. Wilson, and then move to one or two of the other folks who are with us.

Ms. Wilson, when I hear untruths spoken, I often can't help but bite my tongue in this line of work. In this particular case, the colleague from the Conservatives several times during the exchange with you suggested that people on the government side are saying that Canadians have never had it so good. That's not true. I have to say that for the folks who are watching at home, but also for your sake.

All of us represent communities where people are struggling. We're approached for help by those people who are struggling, and we've visited our local food banks. We know what people are going through. Every colleague I know, at least on the Liberal side, on the

government side, spends a tremendous amount of time trying to figure out and advocate for things that will help those people.

We're on the same page, but I'm not going to allow untruths to be spoken consistently and to besmirch the reputations of folks who are working really hard on the same issues that you're working very hard on and care about.

On that note, Ms. Wilson, you said something earlier that I wanted to pick up on in your response to one of the other members, when you spoke about your desire to see food banks eliminated. I certainly share that goal. Minister Freeland was at the committee the other day, and she said something similar.

Can we talk about that? How do we go about doing that?

Ms. Rachael Wilson: At the Ottawa Food Bank we recognize that food is often what brings people to the door. When they come to a food bank we need to connect them with other resources and supports in the community that help them move out of poverty. We have set up programs with wraparound supports, with our agencies right across the city. These agencies are about getting people access to employment, language skills, child care, whatever it may be; and often what we are seeing right now are health care and mental health supports. Food banks are truly becoming community-based organizations. We see them as part of the solution to help move people out of poverty.

Mr. Yvan Baker: That makes a lot of sense, but what I am asking...and if you don't know, that's okay, too. I genuinely welcome your advice. If you were sitting in my shoes, or if you were sitting in the shoes of the finance minister, what are the things...? We want to eliminate the need for food banks. I think that's what I heard you say—or something along those lines. There is no question that food banks play a critical role, and they need to be supported. I hear you on all of that.

My question is this: What are the things we can do to eliminate the demand for food banks? Do you have any thoughts on that?

• (1955)

Ms. Rachael Wilson: We know that a guaranteed basic income would support many people. We saw it when the CERB came in. We saw our numbers drop off significantly—the number of people accessing food banks. We see it when seniors are able to access that basic income, and we see it with families that are now accessing child tax benefits as a basic income.

We know that is the critical piece. It's about income, and we would encourage all governments to focus on income-based solutions.

Mr. Yvan Baker: Thank you very much for being here with us today, Ms. Wilson.

What I'd like to do now is go to the Centrale des syndicats démocratiques. Am I correct that there is somebody there from...?

The Chair: There is.

Mr. Yvan Baker: Forgive me. I can't see everybody at the table. I apologize.

The Chair: You can continue, Mr. Baker.

Mr. Yvan Baker: Thanks very much.

[*Translation*]

Under the budget implementation bill, the deduction for a tradesperson's tools is being doubled. Will that really help your members?

Mr. Kaven Bissonnette: [*Inaudible—Editor*]

[*English*]

The Chair: Would you repeat the question, Mr. Baker?

Mr. Kaven Bissonnette: In English.

Mr. Yvan Baker: Sure.

The budget implementation act provides a doubling of the tradesperson's tools deduction. Will this help your members, and if so, how?

Mr. Kaven Bissonnette: We'll check that and come back.

The Chair: Mr. Baker, that's the time. They're going to come back to the committee with a written answer for us.

Thank you.

Mr. Yvan Baker: That's great. Thank you.

The Chair: Now we are going to Mr. Ste-Marie.

[*Translation*]

Mr. Gabriel Ste-Marie: Thank you, Mr. Chair.

Mr. Bissonnette, in your opening remarks, you talked about the Employment Insurance Board of Appeal. My understanding is that Bill C-47 basically replicates what was in Bill C-37 with respect to the appeal board. We know that a real appeal mechanism is needed.

I gather that you support the same proposal, but you think the details need improving. You feel that the hearings should take place in person and that the chairperson shouldn't be involved.

Would you mind explaining that again?

Mr. Kaven Bissonnette: You are correct. We don't think the reporting should be done through anyone because it could affect the board of appeal's overall performance. We want to ensure the credibility of the process and the tribunal.

There's another consideration, and I'm not sure I mentioned it. Having access to the capacity required is important. I'm a lawyer. We want to do things the right way, but we aren't certain that the capacity necessary will be available throughout more remote regions and sectors. Workers in every region need access to the tribunal, the tripartite appeal board. That's something we are concerned about as well.

Mr. Gabriel Ste-Marie: Thank you.

Obviously, the EI system needs reforming, as I said, to make sure it meets the demand and covers the people who need it. That was promised for last summer. Then last summer, the government said it would happen in the fall. Last fall, the government said it would happen eventually.

My understanding is that the consultations have happened. Meanwhile, what we find in Bill C-47—the one-year extension—doesn't solve anything. It is indeed a temporary measure to address the gap in the targeted regions. The board of appeal is fine, but it could be better, given the points you raised.

Mr. Kaven Bissonnette: Precisely.

Mr. Gabriel Ste-Marie: Thank you.

[*English*]

The Chair: Thank you, Mr. Ste-Marie.

Now we will go to Mr. Blaikie.

[*Translation*]

Mr. Daniel Blaikie: Mr. Bissonnette, do you think the government would be better off keeping the temporary EI changes introduced during the pandemic until it modernizes the system as promised?

Mr. Kaven Bissonnette: Yes, especially for eligibility at 420 hours or 12 weeks of work. That's what we are recommending.

I think it's worked well and hasn't bankrupted the government. It was effective. It's a sustainable model.

It's something we've long been calling for, so we don't understand why it wasn't put in place permanently. We have been recommending this for years. EI has to be accessible to workers.

I'm going to repeat what I said earlier: most of the people affected by this eligibility barrier tend to be women or people in the service industry—those who work in pharmacies, grocery stores and so forth. These aren't places where workers are exactly the highest paid.

● (2000)

Mr. Daniel Blaikie: Do you think shifting \$25 billion in debt stemming from the Canada emergency response benefit, or CERB, to the EI account is a good or bad idea? Shouldn't that money come out of the government's general account instead of the EI account?

Mr. Kaven Bissonnette: I think the government should cover it. If I remember correctly, the account had a huge surplus at one time, and the government had no problem dipping into the EI fund.

Mr. Daniel Blaikie: I think it took up to \$63 billion out of the fund.

Mr. Kaven Bissonnette: I don't know the figure off the top of my head.

Mr. Daniel Blaikie: That \$25 billion brings the total taken out of the fund by the government to \$87 billion or \$88 billion. That's a whole lot.

Mr. Kaven Bissonnette: Indeed.

Mr. Daniel Blaikie: Thank you.

[English]

The Chair: Thank you, Mr. Blaikie.

We will now go to Mr. McCauley for five minutes.

Welcome to our committee.

Mr. Kelly McCauley (Edmonton West, CPC): Thanks, Chair, and thanks very much, witnesses. I wish I could have a lot more than five minutes. Maybe I can grab some of you afterwards.

Ms. Wilson, I'm going to stick with you and chat with you a bit more. First of all, you probably know Marjorie Benz from the Edmonton food bank, an absolute gem and such an important part of our city. Thank you for doing very similar work, I guess, to what Ms. Benz does.

I'm going to ask you some quick questions. This is not a partisan jab, but on the rebate, for lack of a better word, the grocery rebate, how do you think we could target it better? The reason I ask is that it goes out to about 11 million. One of my sons receives it. He lives on his own, but he is supported by the bank of dad. I imagine that there is a fair number of young people like this. We looked at other similar programs or benefits like that. The amount for single parents, for example, was only in the low teens. A lot was going to others.

How do you think we could better target it so that those truly in need receive that?

Ms. Rachael Wilson: One thing we recognize is that often people who are accessing food banks don't have the means to file their taxes. That's often a hurdle for people. Definitely, recognizing that, automatic filing would make a significant difference—

Mr. Kelly McCauley: Can I just interrupt you on that? Do you think we should do the same with the GIS for seniors? Right now, unless they file for the GIS, a senior will not get it, and the government will not pay back more than 11 months. Should we be doing that more as a government?

Ms. Rachael Wilson: Absolutely. Unfortunately, the reality is that we are not all on an equal playing field when it comes to access to technology and the Internet and the language skills required to navigate through some of the processes that are required in order to access some of these funds.

Mr. Kelly McCauley: How much of an increase are you seeing in seniors visiting?

Ms. Rachael Wilson: Our seniors number has actually levelled off this year. We did see a significant increase last year, but this year it has basically levelled off.

Mr. Kelly McCauley: Do you know why it might have levelled off? It leads into my next question. I want to see if you know what demographic is driving this large increase in demand at the food bank. It ties in to your comment about how we need to have more income-based solutions. Unemployment is effectively almost zero in the city. If we have a strong employment base and therefore a strong income base, what is driving such a massive increase? Is it just the near-out-of-control food inflation costs coupled with the housing inflation costs?

Ms. Rachael Wilson: That is what we are hearing consistently from people accessing food banks. It is the cost of food and the cost

of housing coupled together that are making it completely unaffordable for families, individuals and seniors.

Mr. Kelly McCauley: Can you guess how much it might be housing driven and how much is food inflation driven?

Ms. Rachael Wilson: I don't think I could make a guess, but I certainly could look at that.

Mr. Kelly McCauley: You could say that a huge amount of it is driven by our housing crisis, our rental price crisis and food inflation.

• (2005)

Ms. Rachael Wilson: Here in Ottawa, the affordable housing list is about five years' long, with 12,000 people on it. That undoubtedly has to impact people's ability to afford living here.

Mr. Kelly McCauley: Yes, I can't imagine it here. We have more stable pricing in Edmonton, but it's still very difficult. Ottawa is now I think 50% to 60% higher than Edmonton, so I can't imagine what it's doing for the people here.

What about veterans? In Edmonton, we have a wonderful organization near my office called the Veterans Association Food Bank. We try to help them out, but it's mind-boggling that a country this wealthy has veterans who are visiting food banks.

Are you seeing an increase in veterans as well?

Ms. Rachael Wilson: That's actually not information that we track through our Link2Feed, so I wouldn't be able to comment on that.

Mr. Kelly McCauley: How much of it do you think is mental health driven and perhaps some of the drug crisis that we're seeing?

Ms. Rachael Wilson: We do have numbers on what is driving the numbers on mental health, and I can submit that afterwards as well.

Mr. Kelly McCauley: That's wonderful.

You mentioned that there are a lot more people visiting the food bank who are on support programs. Is that provincial support programs?

Ms. Rachael Wilson: It is. I recognize that it's provincial supports.

Mr. Kelly McCauley: Again, going back to the question, we have almost maxed out employment. What is driving...? Is it the same number who are on provincial support and are now coming to you because of housing and rental costs?

Ms. Rachael Wilson: To correct that, the number of people on social assistance has remained pretty consistent. It is 60% of the people who access food banks.

It really is a larger number of people who are employed or who are becoming unemployed and are on that tipping point of poverty.

Mr. Kelly McCauley: Again, it's driven by rent and food increases.

Thanks very much. I appreciate it.

The Chair: Thank you, Mr. McCauley.

Now we're going to go over to Ms. Chatel, please, for five minutes.

[*Translation*]

Mrs. Sophie Chatel: Thank you, Mr. Chair.

My questions are for Mr. Bernard first.

I, too, was very happy with the measures in the budget. I'm going to share something personal with you. My sister, a scientist, is on an animal protection committee. You're probably familiar with those. She is one of the scientists in charge of examining and approving the protocols used for scientific testing on animals. According to her, the committees are multidisciplinary, with a veterinarian, a researcher who doesn't do any animal testing and a researcher who does. They do a quite a bit of technical research like that. The process is already quite stringent. She was very glad that her own committee had been rejecting a lot of animal testing.

The budget brings to mind all the work that people like you and organizations like yours do to advocate for animal protection. You said that banning unnecessary cosmetic testing on animals would make Canada a global leader in the development of animal testing alternatives.

Now that the ban is included in the budget implementation bill, what do you think?

[*English*]

Mr. Michael Bernard: We were very happy to see this in the budget. We've been working on it for the past 10 years, working with our colleagues at Cosmetics Alliance Canada.

Over the past decade or so, I think the cosmetics industry has really led the way in phasing out animal testing. To their credit, they basically do little to no animal testing in Canada at this time. We're very happy that this industry is moving away from this, and it's happening globally. China is one of the only countries left that still require some testing on animals, as Darren mentioned earlier in his testimony.

I'd also say that Bill S-5, the amendments to CEPA, has a phase-out for chemical toxicity animal testing. Whenever there are animal testing alternatives in place, it would require that you use those alternatives to animal testing. It's really nice to see that this package is moving forward all together.

• (2010)

[*Translation*]

Mrs. Sophie Chatel: All right.

Do you have anything to add, Mr. Praznik?

[*English*]

Mr. Darren Praznik: Thank you.

If I may, I'll add to what was a very good question.

One thing that I think we are all going to face with both this and, of course, the targets in the new modernization of the Canadian Environmental Protection Act is this: When you talk about non-animal testing alternatives, it isn't just one for one—having an animal test and now having another test that replaces it. It is a whole different way of thinking about testing. We are going to need, as a country, to develop regulators, scientists and formulators who are well educated and versed in those new methods. Every country that has successfully implemented a ban has a centre in their country where this is focused.

We are fortunate to have a centre, at the University of Windsor, for alternatives to animal-testing methods. They are going to need, I think, all of our support—government and industry—to be able to do further work, not only in developing alternative methods but also in getting regulatory acceptance for them, which is going to be very critical under the Canadian Environmental Protection Act. Even, and perhaps more importantly, training our regulatory staff and the Environment and Health Canada formulators in our industry, and other scientists, on how to use those new methods.... These are very different ways of thinking about testing and, as Michael pointed out, they can often produce much better scientific results.

We are at the beginning of what is a bit of a revolution in the way we think about safety testing.

[*Translation*]

Mrs. Sophie Chatel: Thank you very much.

Do I still have some time?

[*English*]

The Chair: That is the time, MP Chatel.

However, we are going into our third round. We won't have time for a full third round. What we will do is divide the time we have equally among the four parties.

We are going to start with MP Vecchio. That's for about four minutes or so.

Mrs. Karen Vecchio (Elgin—Middlesex—London, CPC): Thank you so much.

Rachael, thank you so much for being here.

To all the guests, thank you very much for being here.

Rachael, I want to stick to you, because I know your job must be extraordinarily difficult at this time. I've worked with many of the members in our own local food banks and recognize the stress.

You were asked about the mental health and addictions piece. What are you seeing on the streets? What are you seeing when people come in for some of the services? I don't know whether you coordinate with other organizations or try to do that type of work. What partnerships have you built in our communities?

Ms. Rachael Wilson: We recognize that being poor is incredibly harmful to your health. It is incredibly taxing and stressful to figure out where your next meal is going to come from and to have to navigate the systems in place, at all levels of government, to access the supports that are needed.

One of the critical partnerships we have is with community health and resource centres here in Ottawa, which play a role in making those referrals, supports and resources for people dealing with health issues, social assistance and the other social problems that bring people to a food bank.

Mrs. Karen Vecchio: Thanks very much.

I want to go back to the people who are working. I don't think it's necessarily the working poor who are coming to see you—those who have low wages.

What are you seeing when you talk about those double incomes or family incomes? Do you know what that might be like? What types of incomes are you referring to...those double incomes? What might family incomes be—the higher end that you're seeing?

Ms. Rachael Wilson: I would have to submit that. I don't have those numbers with us.

We know there are a significant number of people who are well educated and employed. Housing and living in Ottawa are not affordable for many people.

Mrs. Karen Vecchio: Absolutely. I appreciate that.

Moving on to the food piece, you were talking about the cost. Are most of your funds through donations from the community? How do you get the money for the food bank, specifically?

Ms. Rachael Wilson: The Ottawa Food Bank, like most food banks in Canada, is funded almost entirely by the community and for the community. We get no federal or provincial funding, and we get less than 2% from the municipal government. I mentioned before that we are a \$25-million organization, so that should give you a sense of the amount of support we rely on from the community. Clearly, the community deeply cares about its members.

Mrs. Karen Vecchio: We're going to just keep on talking, Rachael.

How are you making out on the fundraising projects? I think what we're seeing, in some communities, is that people who might normally give are having difficulties, so it's that next generation—the historicals—who are having to give more and more. That's what I'm seeing in my community.

What are you seeing here?

Ms. Rachael Wilson: We are starting to see our fundraising take a slight dip, because we know many people are struggling to make their own ends meet. We're seeing donations from the front of the grocery store—from people who are shopping in grocery stores—

dip as well, because we know it's that much harder to pick up something extra for people who are at a food bank.

It continues to be very challenging for the organization to meet the needs.

• (2015)

Mrs. Karen Vecchio: Absolutely. On the operating costs, what have you seen? I recognize that food costs have gone up extravagantly. What have you seen for the operating costs for your business as well? Have they gone up?

Ms. Rachael Wilson: We are a living-wage employer. We insist on paying our staff a living wage, and we've seen that increase, of course. On the cost of freight and the cost of having things shipped in, we've seen ongoing supply chain issues that are impacting the cost.

We've also had to move into a new facility that is 51,000 square feet compared to 21,000 square feet. We had to rebuild that whole space. The cost of doing that jumped dramatically over the two years when we were retrofitting that space.

We're getting hit left, right and centre.

Mrs. Karen Vecchio: You needed more space because you have more clients and you were needing more food. It's this vicious cycle.

Ms. Rachael Wilson: Absolutely, and we knew that for the years to come we would need to continue to grow. Unfortunately, we've continued to grow beyond any measure that we imagined.

Mrs. Karen Vecchio: I think I read somewhere that food costs have increased by 9.2%. When you're taking those donations and going out to the stores to get some of those items, or to partnerships that you have with other people, how far is the dollar going? How many fewer people are you able to serve with the costs...?

Ms. Rachael Wilson: We continue to serve everyone we can who comes to our 112 member agencies. Before the pandemic, we were able to save five dollars to one....

I'm being cut off.

Mrs. Karen Vecchio: No, it's okay. He's cutting me off.

Ms. Rachael Wilson: We could take one dollar and turn it into five dollars' worth of food, but we know that there is not the same buying power now that we had experienced for years. The cost of food is making up about 50% of our total increased costs right now.

Mrs. Karen Vecchio: Thank you so much.

The Chair: Thank you, MP Vecchio.

Now we're going to the Liberals and MP Baker, please.

Mr. Yvan Baker: Thanks, Chair.

Once again, I'd like to question the Centrale des syndicats démocratiques.

If you're able to answer, that's [*Technical difficulty—Editor*].

The Chair: Wait one moment, please, MP Baker.

Mr. Bissonnette, I think the question is for you.

Continue, MP Baker.

Mr. Yvan Baker: Thanks, Chair.

The question is on how in the budget there was an announcement of investment tax credits, some of which have labour hooks, including prevailing wage and a requirement that at least 10% of the tradesperson's hours worked must be performed by registered apprentices in the Red Seal trades.

Are you familiar with this? If so, how do you think this might support your members? Will it support your members? If so, how?

Mr. Kaven Bissonnette: No. We're not really familiar with this, honestly. I cannot answer your question now.

Mr. Yvan Baker: Okay. Thank you.

What I want to do, then, is go back to our representative from the Ottawa Food Bank.

I'm wondering if you could talk a bit about what you spoke about in your opening remarks: the increase in the use of food banks. You've seen that in Ottawa. I've seen that in my community in Etobicoke. I think we're seeing it across the country. What is driving that, do you think? What is causing people to come in and rely on food banks in greater numbers than they did before?

Ms. Rachael Wilson: I think that for many years we saw people who were barely getting by but were able to keep their heads above water. Now they are really struggling. The pandemic has shown that it can take a pandemic, the loss of a job or a broken-down car to send people into having to use a food bank. It's all these incremental things together that are causing more people to have to access a food bank.

Mr. Yvan Baker: Continuing on that line, I'm not disagreeing with what you've said. I think it's just more that what's astonishing to me is that the number of people has jumped so much so quickly.

I'll throw this out and you can tell me if you agree with it. One of the things I hear from folks in my community is that the cost of food has gone up and the cost of daily essentials such as gas has gone up, etc. That's one of the things I hear from folks who are using food banks and relying on food banks.

Do you agree with that? In other words, is inflation contributing a lot to this challenge?

● (2020)

Ms. Rachael Wilson: Yes. That's what we're consistently hearing. It's the cost of food coupled with the cost of housing. Also, then, other items, such as gas and factoring in things like child care, make it really impossible for people to afford to live in a city like Ottawa.

Mr. Yvan Baker: My community of Etobicoke is a suburb of Toronto. We have.... You're smiling, so either that means you're very aware or you're not aware. Either way, I want to make sure folks at home understand. The cost of living in Toronto is very high as well. All this is to say that what you're saying makes a lot of sense.

You just spoke about the cost of child care. You spoke about a couple of other costs. I'll come back to what I said earlier when I asked questions the last time. I think that's where my colleagues and I are really focused. It's on how we can address what's causing those prices to go up, to the extent that the government can impact that. That's everything from the things that are causing inflation, like supply chains, to the war in Ukraine, which is causing food and energy prices to go up. There are those sorts of things and those root causes. However, we're also trying to provide people with support for those daily essentials.

I know we've talked a lot about the grocery rebate, because that's the recent thing, but I don't want to.... If you look back at all of the targeted assistance the government has provided over the past two years, not just during COVID but since, it's been designed for those who are the most vulnerable. It's not solving all the problems, and I'm not going to pretend it is, but that's been the focus. Let's take the resources we have and put them toward helping folks with the cost of living.

Child care, obviously, there's a major change happening there. There is dental care. Anyway, all this is to say that I want you to know, walking away, that I appreciate.... Obviously, we haven't solved all of these problems, and we have to do more, but we're really trying. We're trying to target those people who are most vulnerable.

The Chair: Thank you MP Baker.

We'll now go to the Bloc with MP Ste-Marie, please.

[Translation]

Mr. Gabriel Ste-Marie: Thank you, Mr. Chair.

My questions are again for Mr. Bissonnette, but first, I have a comment for Ms. Wilson.

I was really shocked to hear you say that you raise most of your funding yourself, that you don't receive any help from the government.

Our food banks in Quebec do tremendous work, but a good chunk of their funding comes from the government. The funding supports their mission. Every year, they push for inflation indexing, which they don't always get. I think that's awful.

After learning that your reality is completely different, I can't help but raise my hat to you, not once, but twice. What you're doing is incredible. Let's hope the government recognizes the work you're doing and gives you some funding.

Mr. Bissonnette, when the Bloc Québécois was created, the first bill we brought forward in the House of Commons sought to close the federal gap with Quebec's labour laws. I'm talking about an anti-scab bill. Quebec has had anti-scab legislation for a long time, and 30 years after such a bill was first introduced in the House of Commons, Canada still doesn't have one on the books.

I know the NDP has often proposed similar legislation. Now, the government is committing to bringing forward anti-scab legislation. Was it the carrot or the stick that finally led to some progress?

I'd like you to talk about how important it is to have legislation that prohibits the use of replacement workers during a strike or lockout.

Mr. Kaven Bissonnette: It's fundamentally important in the balance of power between management and employees.

It's no secret that the right to associate, to unionize, is constitutionally protected in the Canadian Charter of Rights and Freedoms. The corollary to that is the right to collective bargaining.

Since 2015, the Supreme Court of Canada's decision in Saskatchewan Federation of Labour has confirmed that the balance of power hinges on the right to strike. If workers cannot exercise the right to strike, an equivalent mechanism is necessary to ensure the balance of power. Not having anti-scab legislation amounts somewhat to denying the existence of the whole process—the right to associate and to negotiate and the right to have the power to do so.

We have long had that in Quebec, and we don't see how it would be possible to ensure industrial peace and respect our charters and constitutional rights without anti-scab legislation. For us, in Quebec, not prohibiting the use of replacement workers under the labour code would be inconceivable.

Mr. Gabriel Ste-Marie: Thank you.

Right now, most unions are doing the rounds to educate parliamentarians on the issue. Often, when disputes fall under federal jurisdiction, things can take a lot longer because of the measures available.

I'm not sure whether you've examined this or considered it as it relates to telework, but it's increasingly difficult to enforce anti-scab legislation.

I'll give you an example. I live in Joliette, and the workers at the cement plant there were locked out by an American multinational for over a year. The administrative labour tribunal ruled in their favour, but it's hard to prove that an employer is using replacement workers when the work is being performed remotely. The dispute involved Unifor members.

Similarly, employees of the BMR hardware store chain, who belong to the union CSN, were locked out by their employer. The administrative labour tribunal ruled in their favour as well, but the work was still performed remotely and the CSN members weren't able to prove it.

Can you tell us what can be done to really enforce anti-scab legislation when the work is performed remotely?

• (2025)

Mr. Kaven Bissonnette: I don't think there's anything in our inter-union platform on that. We haven't taken an in-depth look at that new reality. It's pretty recent.

You're going to say that we may automatically lean towards a presumption, which would be even stronger. I don't know. We haven't considered that question. Nevertheless, it's deeply concerning that employers can get around certain rights and circumvent anti-scab legislation thanks to new ways of working.

Certainly, it's deeply concerning, but rest assured that those of us in Quebec's unions will examine the issue as soon as possible.

Mr. Gabriel Ste-Marie: If I can follow up—

Oh, the chair is silencing me once again.

[English]

The Chair: Thank you, MP Ste-Marie.

Now we're going to go to MP Blaikie.

MP Blaikie, you will be the final questioner of the great witnesses we have with us here today.

The floor is MP Blaikie's now for the next four-plus minutes.

Mr. Daniel Blaikie: Thank you very much.

I think Mr. Perkins maybe wanted to ask how many eels are transported by rail from coast to coast over the course of the year. It's a bit of an inside joke for those of us who had to suffer the filibuster.

To our witnesses from the rail industry, I wanted to ask—you talked earlier, and we've heard this from other witnesses around the table—about the nature of the contracts that are signed between customers in, say, the grain or pulse industry and the railways.

My understanding is that the booking of cars can happen up to two years in advance and that railways make investments in capital plans based on projected demand from those growers, grain companies or whomever it is that you're ultimately dealing with in order to move that product.

I'm just wondering what the time horizon is in order to make back the money on that investment and when you would expect to start to see a return on the capital investments you make based on those projections.

Mr. Nathan Cato (Assistant Vice-President, Canadian Pacific Kansas City, Railway Association of Canada): Thank you for the question.

Mr. Chair, thank you for having us here at the committee today. It's a privilege to address the committee.

I think it really is kind of fact-specific, depending on the circumstances with the individual shipper.

When we look at service, it comes down to demand forecasts, visibility and commitments. For CPKC, when we talk about grain, for example, about 90% of the grain moving on our network in Canada is through our dedicated train program, where you have confidential commercial contracts that are in place between the railway and the customers, and that contract defines the capacity that the customer wants to purchase from us. Then there are reciprocal penalties in place on both parties, so you get accountability and you get discipline. That's really how you maximize throughput on the rail system, efficiency and throughput, because all parties make commitments and are held accountable to them.

Mr. Daniel Blaikie: What we've heard around this committee table from those customers of yours is that capacity is negotiated but then not available when they want it or when they need it.

From the railway's point of view, how is that relationship working? I understand that they made investments in order to make that capacity available. Is it the point of view of the railways that you don't have enough capacity in order to be able to meet that demand, or...?

Mr. Nathan Cato: I would say, when we're talking about grain, and this applies to not just CPKC but our colleagues here from CN, both railways have been breaking records this past crop year for the movement of grain.

A lot of that comes back to investment. A huge part of that success story is about investment. We alone have invested \$500 million in new high-capacity hopper cars in the last number of years. That's what's driving these record volumes moving through Canada's grain supply chain.

Combined with some operational changes and our 8,500-foot loop train model, we're getting about 40% more grain on every single unit train with those high-capacity hopper cars, so that's a huge success story.

• (2030)

Mr. Daniel Blaikie: Is it a surprise to you to hear that you have customers here saying that you're not meeting your commitments or that you're not satisfying the transportation needs of their industries, given the work you've done with them and the investment that you've made in order to be able to accommodate their demand?

Mr. Nathan Cato: I think we have very good relationships with our customers. There's an enormous amount of collaboration that goes on every single day to make the supply chain work. That's what we need more of. When we talk about—

Mr. Daniel Blaikie: I'm sorry. I have a quick question.

I'm curious, because we do hear about how government regulation can impact investment decisions. What does it mean for you to have a longer regulated interswitching distance in place in terms of confidence for the railways to continue to make the capital investments they've been making in order to move these kinds of products?

Mr. Nathan Cato: Extended interswitching is a policy for more rate regulation—cost-based rate regulation—so that undermines our ability to generate revenues to invest. That's not a recipe for success in Canada's supply chains; that's the problem with it. The rail industry is a very capital-intensive industry. We invest about 20% of our revenues into capital every year, which works out to billions of dollars that gets invested into capacity-enhancing infrastructure and into safety, which are very important for the future success of Canada's supply chains.

Mr. Daniel Blaikie: Thank you very much.

The Chair: Thank you.

Thank you, MP Blaikie.

On behalf of the finance committee—all of the members, the clerk, the analysts, the staff and the interpreters—I want to thank all of you for your advocacy and your strong presentations here before us, which will help inform our study. I know that some of you, because of limited time, may not have had an opportunity to put out some of the information you would like the committee to receive. What we ask is that you submit that through the clerk. That way you'll be able to get that information to us, so it can also help inform our report.

On that note, I want to thank you. Have a great evening. Thank you very much, everyone.

We are adjourned.

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