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Chair: Peter Schiefke



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• (1535)

[English]

The Chair (Peter Schiefke (Vaudreuil, Lib.)): I call this meeting to order.

Welcome to meeting number 11 of the Standing Committee on Transport, Infrastructure and Communities. Pursuant to Standing Order 108(2) and the motion adopted by the committee on Thursday, September 18, 2025, the committee is resuming its study of the changing landscape of truck drivers in Canada.

Today's meeting is taking place in a hybrid format, pursuant to the Standing Orders.

I'd like to take a few moments for the benefit of our witnesses and our members. Please wait until I recognize you by name before speaking. For those participating by video conference, please click on the microphone icon to activate your mic, and please mute yourself when you are not speaking. For those on Zoom, at the bottom of your screen, you can select the appropriate channel for interpretation: floor, English or French. For those in the room, you can use the earpiece and select the desired channel.

As a reminder, 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.

Colleagues, I would now like to welcome our witnesses for the first round of questioning today.

As an individual, we have Mr. Harman Bhangu, member of the Legislative Assembly of British Columbia and jobs and economic development critic, joining us by video conference. Welcome to you, sir.

From the Canada Truck Operators Association, we have Arjun Vishwanth, policy adviser. Welcome to you.

We'll now open the floor to opening remarks. For this, I will turn the floor over to Mr. Bhangu.

You have five minutes, sir.

Harman Bhangu (Member of the Legislative Assembly of British Columbia, Jobs and Economic Development Critic, As an Individual): Thank you, Mr. Chair and members of the committee, for giving me the opportunity to speak today.

I want to raise an issue that's doing real damage to our trucking industry and our economy, which is the rise of what's called "Driver Inc." On the surface, it sounds like just another business model, but in reality it's a loophole that's letting some companies dodge their responsibilities and shift the costs on to workers and taxpayers.

Here's how it works. A driver sets up a numbered company. Maybe they once owned a truck. Maybe they don't anymore. A carrier then hires that driver through their company, but not as an employee. They'll pay that incorporated driver, say, \$30 an hour for 10 hours of work—that's \$300 a day—as a business-to-business payment. That's the difference.

Because it's structured that way, there are no source deductions—no CPP, no EI, no workers' comp and no tax remitted at all. The carrier saves a big chunk of money, and the government loses out on tax revenue that should be collected. This isn't small change. When hundreds or thousands of drivers are being paid this way, that's millions in CPP, EI and income tax contributions that never make it to the public purse. It also gives an unfair advantage to companies that play this game over the ones that follow the rules and hire drivers properly.

For the drivers, it's risky. Many of them don't fully understand what being incorporated means. They think they're getting a better rate, but in the end, they're on the hook for their own taxes, they don't get paid sick days, they get no overtime or holiday pay and they have no real protection if they're injured or laid off.

It's gone even further. I've heard stories of temporary foreign workers coming into the industry who later apply for permanent residency and then get pressured into these same set-ups. Sometimes a local partner helps them register a company or co-signs for a truck loan so they can keep working, but the driver isn't really independent; they're still dispatched, directed and controlled by the carrier. It's a paper shell to avoid employer obligations.

That's not entrepreneurship; it's exploitation. It's unfair not just to the workers, but to every law-abiding trucking company, every taxpayer and every small business that does things the right way.

This also raises safety concerns. When a driver isn't technically an employee, who's responsible for ensuring training, hours-of-service compliance or vehicle maintenance? When something goes wrong, accountability gets blurred, and that's dangerous for everyone on the road.

The federal government has said this practice violates the Canada Labour Code, but it's still happening every day. You can go online and see job postings that say "drivers must have their own company". Everyone knows what that means.

Here's what I'm asking this committee to consider.

First, draw a clear line. If a driver works full time under a company's control, using its trucks and dispatch, they're an employee, plain and simple.

Second, enforce it properly. Penalties have to have teeth, so that companies can't just shut down and reopen under a new name.

Third, protect vulnerable drivers, especially new immigrants and temporary workers. Make sure they understand their rights before they sign any kind of incorporation paperwork.

Fourth, level the playing field. Honest carriers should never be at a disadvantage for following the law. Trucking keeps this country moving, but the system only works if everyone plays by the same rules. Driver Inc. might look like a clever workaround on paper, but it's draining our economy, weakening protections for workers and creating unfair competition in an industry that already operates on tight margins.

It's time to close the loophole, enforce the rules and protect the integrity of one of Canada's most important industries.

Thank you, honourable Chair. I'd be happy to take any questions.

The Chair: Thank you, Mr. Bhangu, for your opening remarks.

Next, we'll go to Mr. Vishwanth.

The floor is yours, sir. You have five minutes.

Arjun Vishwanth (Policy Adviser, Canada Truck Operators Association): Thank you.

Good afternoon, Chair and members of the committee.

Thank you for allowing me to be here today.

My purpose here is simple. I want to correct a false narrative, set out the facts and offer a constructive set of recommendations.

Let me begin with the truth. Driver Inc. is not a legal status. It appears in no statute, no regulation and no court decision. It's a label manufactured and weaponized by lobby groups representing large monopolistic carriers that have lost their competitive edge and that have now chosen to destroy their competition instead of improving their own performance.

That competition is made up of small and medium-sized family-run businesses, many by Canadians of South Asian heritage, who built this industry over the last 40 years with their sweat and sacrifice and their treasure. These owners now find themselves branded as cheats, illegals and tax evaders, and they face disproportionate audits, reputational harm and, too often, racial slurs from people,

unfortunately, even in positions of authority. Terms such as "flying carpets" and "towel heads" are frequent. This is not enforcement. It's prejudice being asked to translate into policy.

There are two myths that fuel this problem.

The first is the so-called billion-dollar loss to CRA. This number has never appeared in any CRA audit or federal budget report. It originates from a flawed lobbying costing model that treats HST as income, ignores caps on CPP and EI, assumes employer health tax, from which small carriers are exempt, and flattens WSIB premiums that are actually experience-rated. When these errors are corrected, the claimed loss collapses roughly to 95%. There is no billion-dollar loss to the treasury. There's a billion-dollar lie in the public discourse.

The second myth being perpetuated is that small carriers, the competition, force drivers to incorporate. In truth, it often costs more to engage as an incorporated contractor, once HST, gross ups, administrative costs, legal exposure and accounting risks are considered. If greed were the motive, payroll would be cheaper to us. Drivers incorporate for autonomy, for control over their schedules, for their route decisions, for their family time and for their financial future. It's a voluntary, lawful choice. Incorporation is not illegal.

Herein lies the hypocrisy, and I would like to highlight this. These same large carriers that complain about the Driver Inc. model hire the very same drivers under another name. They're called "owner-operators". When they hire an owner-operator, the owner-operator goes and gets a bunch of incorporated drivers. When they do it, it's industry standard, but when small carriers do it, it's illegal. This double standard has nothing to do with safety or taxation. It's about market control.

In terms of safety, we want the bad actors, who have no business driving a truck, to be weeded out. There is no correlation between safety and driver status. Safety in Canada is already fully regulated under the national safety code, which contains 16 national standards. Eleven of those relate directly to the driver of the vehicle and maintenance. Safety is enforced and is status-neutral. We do not need weigh-scale inspections turning into tax audits or unannounced visits to company premises to cross-reference payroll with hours of service data. Such measures would inevitably violate section 8 of the charter, protection against “unreasonable search or seizure”, and section 15.

There is also jurisdictional boundary. Tax and incorporation status is a federal responsibility. Section 92 of the Constitution Acts states that delegating this to provincial enforcement would be unconstitutional.

I want to provide a bunch of recommendations to this committee.

Voluntariness is the key factor that's missing in IPG-069, IPG-105 and the Sagaz rules. With those three combined, jurisprudence right now tells us that four factors determine the employee-employer relationship: control over schedule, ownership of equipment, the chance or risk of profit and loss, and integration into the employer's business model.

• (1540)

Drivers have never been consulted in this room. Small and medium-sized businesses are not being consulted in this room. We'll never ask the driver why he or she incorporates. I'd like to recommend to this committee that the only reason a person is told that they are not independent contractors or that they're dependent is that they don't own their own equipment.

Let's put that in perspective for a second. A truck costs \$250,000. That's a quarter of a million dollars. To own equipment worth a quarter of a million dollars to be eligible for incorporation is absurd. This would have the same effect as telling a lawyer they need to own the entire law firm, or telling a journalist they need to own the entire paper to be incorporated.

Our members want to highlight a problem here. They're being disproportionately audited and disproportionately affected and disproportionately facing the harm of regulation. Section 5 of the Canada Transportation Act mandates that a transportation policy foster competition and efficiency for the benefit of taxpayers. Any enforcement that disproportionately impacts small or minority-owned carriers violates that principle. Section 53 requires all policy decisions to remain consistent with section 5. We cannot legislate to disproportionately affect any one group.

I would have more to say on this during the rounds of questions from you folks. I would invite technical questions. I can use my time to answer those.

Thank you.

• (1545)

The Chair: Thank you very much, Mr. Vishwanth.

Just for the benefit of our witnesses, I have two cards, a yellow card and a red card. If I raise the yellow card, it means you have 15

seconds left. If I raise the red card, I would invite you to please wrap up your remarks. I want to ensure as the chair that I'm providing all members with an equal opportunity to ask questions.

With that, I'll now turn the floor over to Mr. Albas to get us started.

Mr. Albas, the floor is yours for six minutes.

Dan Albas (Okanagan Lake West—South Kelowna, CPC): Thank you, Mr. Chair.

Thank you to all of our witnesses for being here today.

First, MLA Bhangu, thank you very much for your public service. I certainly appreciate your making time for our committee.

I would like to start by asking you about your history. I understand that you spent a long time, and your family even longer, in heavy trucking. Could you give us a little background on your experience?

Harman Bhangu: Thank you.

Yes, I was involved in trucking before I got into politics. It was in the gravel trucking industry, doing a lot of roadwork. I have seen this be an issue first-hand. A lot of issues arise with this. There are safety concerns. There's obviously the tax that's not getting filtered down in terms of taxpayers.

As the other member here was saying, that there isn't a high scale of this happening and there aren't companies that actually want this addressed is false. I worked in a smaller-scale business. My family has been in the trucking industry for a while. This has been a constant occurrence. It's what a lot of people want to get addressed. It leads to lower rates. It gives people the advantage of getting in there and cutting the rates. The market's always stagnant.

Yes, truckers are at a big disadvantage. It's really tough, with tight margins. This just adds to that burden. That's where I feel we need to have this addressed completely. Businesses come to me every single day—this was especially when I was transportation critic—and they bring up these concerns time and time again. There are ways that temporary foreign workers have come in and will get an incorporated company. The next thing you know, they're taking loads and they're not even checking them. They're literally being extorted for work. It's really sad to see this happen. When I have numerous calls from truckers directly involved in this, it's really concerning.

I really thank you for having me here to speak on this very important issue.

Dan Albas: It is important. It is affecting British Columbians and Canadians. Many families' lives have been shattered. That's not to say that there isn't also the issue that you've been talking about here today, where people aren't paying their taxes.

I just want to really hone in, though, on your comments around the temporary foreign worker program. We've heard that in central Canada. Could you please elaborate a little bit more about the temporary foreign worker program and the model that's being done? It sounds like the same kind of exploitive behaviours.

Harman Bhangu: Right now, what happens is that a temporary foreign worker comes in, a company gets an LMIA and he'll start driving for them. Later on, they'll find a way to get him a permanent residency. When they get him the permanent residency, they're like, "Hey, I got you permanent residency. Why don't you get incorporated now and we'll set up a company? I'll just pay you a flat fee. You'll run it like your own business." The thing is that a lot of the temporary foreign newcomers get exploited. They get taken advantage of. There is no education concept of it to actually teach them how the business process works and how to set up a proper business and collect tax.

Another issue they end up running into is that when they want to get financed to get a mortgage or buy a vehicle, they can't show the income. They don't qualify that way. That's when the real wake-up call happens.

Dan Albas: We heard earlier from our other witnesses that some drivers will incorporate for autonomy or for family time or for control of their routes, but you're not talking about independent contractors who are doing bona fide operations as an incorporated company. You're talking about people who are being pushed into these situations and have none of these things. Is that correct?

• (1550)

Harman Bhangu: Yes, that is correct, and to say that they get to control the times and everything.... A lot of companies do run on that. You give them your availability, and they'll schedule you accordingly. This isn't way back 20 or 30 years ago. As driving companies, we've adapted. We want people. We realize there is a family aspect to it, and there will be days that they need off. We work with our employees all the time, and that is a very important part of this.

If you go the other route and do it in the incorporated way, what happens if you get an injury? Where do you go? What are the processes? This is what's not being told to a lot of the temporary foreign workers and people who get permanent residency and go on in this way of doing business. It's setting them up for failure.

Dan Albas: When someone pushes someone into this kind of situation, you said that they'll say, "Okay, I'm going to set you up with a truck." Oftentimes, the truck isn't safe, and, as you said, there is an education gap of what they're getting into and the liabilities the truck may have. I've heard from truckers in Quebec who don't even have insurance.

What kinds of further problems can someone find themselves in when they're in this kind of a situation?

Harman Bhangu: As you said, if there is ever an accident, where do you actually go? Where is the liability on this?

Also, it's really concerning to me that there is no actual way of having some sort of procedure that protects these drivers, through an education process or something. I've seen time and time again drivers being exploited, and when they push back.... The problem is that they don't want to get vocal about it because they're afraid.

Some people will literally hold deportation over their heads. You tell me.... If you're trying to put money on the table for your family and kids, you're stuck in a very terrible situation. This has to be addressed.

Dan Albas: Just to finish off, you've had the benefit of working in an industry that you said has very tight margins, and so has your family. Would you constitute this as being legitimate competition, or is it undermining the whole industry with an unsafe business model?

Harman Bhangu: This has been undermining the industry. This is why you see stagnant trucking rates, and truckers always complaining about why the industry is a complete wreck and is not profitable anymore. If it's not profitable here, of course you're going to go to a model of temporary foreign workers, where you're bringing in people and literally exploiting them to do a job that even Canadians wouldn't want to do. That is, frankly, unacceptable.

The Chair: Thank you very much, Mr. Bhangu. Thank you, Mr. Albas.

Next, we'll go to Mr. Gaheer.

Mr. Gaheer, the floor is yours. You have six minutes, sir.

Iqwinder Gaheer (Mississauga—Malton, Lib.): Thank you, Chair.

Thank you to the witnesses as well for appearing before the committee.

This issue is very important to me for several reasons. One is that my riding of Mississauga—Malton is a transport hub. It includes Pearson airport. It has a big South Asian population.

The Globe reported a couple of years ago that one in five truck drivers in Canada is South Asian. That number is probably even higher for Ontario. A lot of those carriers call my riding home, and a lot of those drivers are actually in my riding as well, so, again, this issue is very important.

I want to talk about incorporation generally and talk about incorporation as a lawful and widely used model across multiple professions. Trucking is simply one of them. I feel that this model is often demonized, when it's not the actual model of someone incorporating that is the problem; it's the enforcement behind it that is a problem, and perhaps bad actors. Inherently, however, I don't think the model itself is flawed.

We'll talk about Driver Inc., Mr. Vishwanth.

This term means different things to different people, so I stay away from this term. One definition that it's taken on in the last couple of years is that drivers are intentionally being misclassified. They are not being told the benefits, the pros and cons, of either model—being an employee or being incorporated. Without being told what those are, they are being incorporated, and corporations are being opened for them in that sort of model.

Mr. Vishwanth, in your view, in the sample size you have of the companies and drivers you deal with, is this issue of misclassification a widespread issue?

Arjun Vishwanth: The members who are part of our organization have seen a disproportionate number of misclassification audits.

Going back to the question of whether the drivers know which model is better, you have to understand one thing: No one forces a driver to incorporate. There's no benefit from it, no profit from it, to anyone. CRA already has tools in its arsenal—the PSBs, the integration of T2 and T1 and the T4A—to weed out anybody who's cheating on tax. There is really no profit to anyone in forcing any one person to go out and incorporate more of the others.

The issue is about control. Drivers do not want to be told when to drive, where to drive, what time to show up to work, when to take a lunch break, when they can go to work. Most importantly, these people are away from their families for weeks on end, so they want to arrange their time in such a manner that they can spend time with their families. If you are an employee, you can't do that. That's one of the biggest reasons why drivers incorporate—to be able to control their own family time. The narrative that somehow people forced them to do it has no evidentiary basis, nothing.

I also want to bring your attention to the material I filed. We have a technical response to the costing model of the “billion-dollar loss”. My model is built on proper real-world inputs that make no arbitrage for one person to provide services either as an employee or as a contractor.

• (1555)

Iqwinder Gaheer: Thank you.

Just on that last point, that's something I've heard from companies and carriers themselves as well. Sometimes this model of drivers incorporating actually ends up costing them even more. I know of several carriers within my riding that have a mix of both. They have employees, and they have incorporated drivers, and they give both sides access to all those employee benefits. In the end, that model is actually costing them a little bit more.

Arjun Vishwanth: As the model put before this committee says, it costs a company around \$101,000 to retain the services of a driver under the employee model. When you actually do the analysis, it costs about \$96,000 to engage the same driver under an incorporation model, but you also have to take in the HST gross ups, the administrative overhead and the legal expenses required in having to deal with the misclassification audit. It actually exceeds that and accounts for about \$110,000 under the incorporation model. So, you'd be saving when someone comes in as an employee.

Iqwinder Gaheer: Oftentimes, I hear from the carriers in my riding that the drivers themselves are asking for this model of incorporation, simply because their friends might be using this model because that's the way others have done it before them.

Arjun Vishwanth: Yes. I have done this for 15 years. You can go to any company to ask them if they would hire a payroll driver, and they'll say yes. Ask a driver if he wants to work under a payroll, and he'll say no. That is a fact.

Iqwinder Gaheer: When we talk about tax, this model is also demonized because the claim is made that tax is avoided in incorporation. If that's happening—and on what scale that's happening, I

don't know—I think the solution you already mentioned was to just make the T4A mandatory.

Arjun Vishwanth: Yes, you can do that. Also, there's an information gap that's missed in this committee. A person filing incorporation tax status does it as a T2, but they also have to file a T1 for dividends and taxes they file thereafter. It's called the integration model, so there is no tax loss. A person filing taxes under an incorporation model will end up paying personal taxes as well. That's the integration model.

Iqwinder Gaheer: When we talk about safety, this is something that—

The Chair: You have 15 seconds.

Iqwinder Gaheer: I'll come back to it, then. That's fine.

The Chair: Thank you very much, Mr. Gaheer.

Thank you, Mr. Vishwanth.

[Translation]

Mr. Barsalou-Duval, you now have the floor for six minutes.

Xavier Barsalou-Duval (Pierre-Boucher—Les Patriotes—Verchères, BQ): Thank you, Mr. Chair.

Thank you to the witnesses for being here today.

I'll start my questions with you, Mr. Vishwanth.

The Chair: Mr. Barsalou-Duval, we're going to restart your six minutes because I think there's a problem with the interpretation.

[English]

I'm being told the English is on the French channel.

Are you able to hear the translation?

[Translation]

If I speak in French, can you hear the English interpretation?

• (1600)

I'll speak in French to see.

That's great. I'm being told that the interpretation is working. We're going to pick up where we left off.

Mr. Barsalou-Duval, you have the floor for six minutes.

Xavier Barsalou-Duval: Thank you, Mr. Chair.

I would like to welcome the witnesses.

I'll start with Mr. Vishwanth.

On the website of the organization you are representing today, I saw a press release or a reposted article that originally appeared in Truck News. The article reported on a meeting between members of the organization you represent and members of the government, including a former labour minister and several Liberal members. I'm going to read you a passage from the article in question in English, because I don't have the French translation.

[English]

“There were a few things [O'Regan] made very, very clear in that meeting.... First and foremost, he assured and promised the industry and our association that from here on in, the term Driver Inc. will never be used by the government.”

[Translation]

Can you give me a little more detail on what was discussed at the meeting? What kind of assurance was obtained from the government that it would not be cracking down on Driver Inc.?

[English]

Arjun Vishwanth: I was not at that meeting, but Driver Inc., the label, connotes a lot of pejoratives. It's associated with words such as “illegals” and “tax cheats”.

[Translation]

Xavier Barsalou-Duval: Okay. Thank you.

My question was really about that meeting. I'm sorry to hear that you weren't there. However, another passage, a bit later in the same article, might be of interest to you. It says that the government's promise was as follows.

[English]

“Enforcement is going to be education-driven, not the kind of clampdown I think some people thought government was going to do. Much more education-driven.... There is no targeted campaign coming”.

[Translation]

If I understand correctly, your organization's position is that there should be no coercive measures by government authorities with respect to driver classifications. Is that right?

[English]

Arjun Vishwanth: What's your question, sir?

[Translation]

Xavier Barsalou-Duval: I think it's clear.

Is it your organization's position to ask that there be no coercion on the part of government authorities when it comes to driver classifications?

[English]

Arjun Vishwanth: The CRA, under IPG-069 and IPG-105, and the Sagaz rules, already provides the misclassification rules. I'm saying, enforce that. I'm also saying it should adapt and be modernized. That's our position.

Right now, it's outdated. It includes a model that penalizes—

[Translation]

Xavier Barsalou-Duval: You answered the question. You want the law to be enforced, which is good news.

In your presentation, you also mentioned, a little earlier, the importance of T4A slips.

Currently, there is a moratorium on T4A slips at the federal level. In 2011, the federal government stopped issuing T4A slips for self-employed workers. I understand that one of their purposes was income traceability for self-employed workers.

As far as I understand, your organization would be in favour of the government going back to issuing T4A slips, so that everyone pays their taxes properly.

[English]

Arjun Vishwanth: I take no position on it, but I'm not opposed to it. Our organization doesn't oppose it, but we don't take a position on it, because it adds administrative costs to small and medium-sized businesses. Large-scale businesses can afford it. Issuing T4As adds administrative costs for us. That's the reason I would oppose it, but I'm not against it. I don't take a position on it.

It needs to be studied. The moratorium was placed for a reason. The CRA has to comment on it.

[Translation]

Xavier Barsalou-Duval: If I understand correctly, your organization is not proposing the return of T4A slips. That's great.

Another question occurred to me when I was looking at your website. I see that you are not a truck driver, but rather a lawyer in private practice, if I'm not mistaken. The association you represent claims to speak on behalf of incorporated small-scale drivers, but your clients don't identify themselves.

When I looked at your client's website, I couldn't find a list of members, I didn't see anything about who sat on the board of directors and I didn't see a list of contributors. I find that rather troubling.

In order to reassure all committee members, including me, about your claims, and to establish the credibility of your organization, could you provide our committee clerk, who is here today, with a list of your members and contributors?

• (1605)

[English]

Arjun Vishwanth: I would, but my difficulty with that question is, has that question been asked of other organizations that have appeared here? I don't have a problem with it, but it should be fair. That's my problem.

[Translation]

Xavier Barsalou-Duval: In that case, Mr. Chair, I could make it a proposal. I had prepared a motion, but I think Mr. Vishwanth's proposal is also interesting. I'm going to turn it into a motion for the committee.

I move:

That the Standing Committee on Transport, Infrastructure and Communities request that the Canada Truck Operators Association demonstrate transparency and good faith by providing the committee, within 15 days of the adoption of this motion, with a complete and up-to-date list of its official representatives and contributing members.

I'm willing to accept an amendment that would also incorporate the other associations that have testified before the committee.

The Chair: Thank you, Mr. Barsalou-Duval.

[English]

Colleagues, I'm going to suspend for a couple of minutes to ensure that everybody has a copy of the motion that was put forward by the member. The clerk will distribute that as soon as he receives it.

The meeting is suspended at the call of the chair.

• (1605) _____ (Pause) _____

• (1612)

The Chair: I call this meeting back to order.

Colleagues, I've started a speakers list to discuss the motion put forward by Mr. Barsalou-Duval.

First on that speakers list, I have Mr. Albas, followed by Mr. Gaheer.

Mr. Albas, the floor is yours.

Dan Albas: Thank you.

I'll keep it very brief. I'm sorry that we're keeping the witnesses from further questions for this, but it's important when a member has a concern.

I would just simply ask MP Barsalou-Duval if he would tolerate a friendly amendment, just allowing that if we're going to be asking this of one witness, we ask the same of all witnesses who have appeared and will appear.

The Chair: Thank you very much, Mr. Albas.

[Translation]

Is that okay with you, Mr. Barsalou-Duval?

Xavier Barsalou-Duval: Yes, I'm fine with that, Mr. Chair.

[English]

The Chair: Okay.

I have Mr. Gaheer next.

Iqwinder Gaheer: Thank you, Chair.

I tried my hardest to request that actual carriers within my riding and neighbouring ridings come and testify before this committee. All of them said that they would love to come and share their own stories, but that they actually feel targeted and that if they appeared before this committee, they would be targeted even more by agencies, legacy carriers or legacy associations. They feel like when they speak out on this issue to voice their concerns, their clients are actually called and told to switch their contracts from those companies to other companies. That's the experience I've had. Again, I

have a very big sample size. My riding is probably the transportation hub in Canada. It includes Pearson airport.

For this organization, I, too, was wondering why a lawyer was sent instead of an actual carrier. I'm guessing that's probably one of the biggest reasons: Carriers feel like they're targeted.

For an organization to have to submit its full membership list would actually make it even easier for those companies to be targeted, if they are in fact being targeted. I can see that hesitation there from a potential association like that, because the carriers I know and have been speaking to would not want this to happen.

• (1615)

The Chair: Colleagues, if we're amenable to it.... This is a motion put forward by Mr. Barsalou-Duval. With all respect to the member, if we don't have agreement on this for the time being, is it okay if we push this off, to at least ensure that we get the testimony from these two witnesses, and then come back to it? Does that work for everyone?

[Translation]

Is that okay with you, Mr. Barsalou-Duval?

Xavier Barsalou-Duval: I'm trying to understand the proposal.

Is it to delay debate on the motion?

The Chair: You've moved the motion. We can debate it at the end of this meeting or at the beginning of the meeting on Thursday morning.

[English]

Dan Albas: Do we want to have a quick vote? If people want to debate, we could always just wait until later.

The Chair: Do you want to come back to it?

[Translation]

Xavier Barsalou-Duval: I don't see a problem with postponing the debate, because we have witnesses here. I think it would have been preferable to vote right away because it would have been simpler, but I don't want to prevent the witnesses from testifying.

At the same time, even if people are afraid of being targeted by government agencies, the government already has access to all the information. It's easy for the government to find out the names of the trucking companies. The Canada Revenue Agency already has all that information and knows whether these companies have employees or not. Government agencies don't need this motion to get that information.

I asked for the information because, as a rule, the other organizations that appear before us tell us openly who their members are and whether they have a board of directors. When you go to the website of any organization, you can see the members it represents. However, in this case, no members' names appear. When someone claims to represent people, it would be good to know if that's really the case, if there really are people behind it and who they are. I think it's hard to claim to represent people without actually saying who they are.

The Standing Committee on Transport, Infrastructure and Communities is a serious entity. Parliament is a serious institution. We need to consider the testimony to be credible, but we also need to know on whose behalf the information is being presented.

I don't see a problem with postponing the debate, but I can assure you that we will come back to it. It's not a matter of postponing the debate and never voting on the motion. I'm announcing that we will come back to it at a future meeting.

The Chair: Thank you, Mr. Barsalou-Duval.

Ms. Nguyen, you have the floor.

[English]

Chi Nguyen (Spadina—Harbourfront, Lib.): Thank you very much.

I have some draft language that might get us to a friendly amendment that I think might be useful for us, if we want to do that quickly.

I also want to note that yesterday I had some phenomenal training about making sure that we treat witnesses with the kind of decorum and approach that is a bit more trauma-informed. If witnesses are saying that they can't come forward for various reasons and they feel like that might create exploitation or vulnerabilities, we should find some pathways there.

The following language might give us a slight amendment on that: that the Standing Committee on Transport, Infrastructure and Communities request that all witnesses appearing at the transport committee on this study demonstrate transparency and good faith by providing the committee, within 15 days of the adoption of this motion, a complete and up-to-date list of their official representatives and contributing members.

It's just to capture that.

The Chair: Next I have Mr. Kelloway.

Mike Kelloway (Sydney—Glace Bay, Lib.): I was actually going to say pretty much the same thing, so I'll defer speaking on it.

The Chair: Thank you, Mr. Kelloway.

Mr. Albas.

Dan Albas: I was hoping that we could move on so we can get to the witnesses, because I have questions still, but I would just simply say that the motion is out of order because it substantially changes the direction. If it had been an amending motion, perhaps....

I would just look to the sponsor. Maybe we can debate this at the end of this round.

The Chair: Okay.

Colleagues, it looks like we want to move this debate off until the end so we can maximize the time we have with our witnesses.

There was no time left for Mr. Barsalou-Duval, so we will go next to Mr. Groleau.

[Translation]

Mr. Groleau, you have the floor for five minutes.

Jason Groleau (Beauce, CPC): Thank you, Mr. Chair.

Good afternoon to our guests.

Mr. Vishwanth, you're the representative of the Canada Truck Operators Association and, today, you're here to defend the Driver Inc. scheme, which is heavily criticized by most experts.

What do you think about the report by the CBC program *Marketplace*, which unfortunately links the mandatory entry-level training, or MELT, schools to the Driver Inc. model?

What is your position on that?

• (1620)

[English]

Arjun Vishwanth: I'm sorry. What's the question?

[Translation]

Jason Groleau: Did you see the CBC's *Marketplace* report?

[English]

Arjun Vishwanth: No, I have not.

Jason Groleau: You didn't see that. All right.

[Translation]

Road safety is a priority for us. Experts have told us here that you can get a driver's licence after two days of training.

Are you aware of that, Mr. Vishwanth?

[English]

Arjun Vishwanth: No, I'm not aware of that. I haven't seen any evidence to that effect.

[Translation]

Jason Groleau: Okay.

Now let's talk about taxation and compliance.

Some argue that the Driver Inc. model allows certain businesses and workers to avoid paying their fair share of taxes by incorporating.

How do you respond to the criticism that this model encourages tax evasion rather than a true entrepreneurial spirit?

[English]

Arjun Vishwanth: No. That's a talking point for the lobbyists. In evidence, that doesn't pan out. I haven't seen evidence of that.

In fact, I'd like to refer you to my brief, the technical response to the costing model. I can take you through it. It breaks it down. Do you want me to?

Jason Groleau: No, it's okay. Thank you.

[Translation]

Some experts have told us that companies use the Driver Inc. model to exploit drivers.

Have you ever heard of that?

[English]

Arjun Vishwanth: I'm sorry. You will have to be specific. What type of abuses?

[Translation]

Jason Groleau: For example, they would have no protection or social safety net, would work more hours and would not have access to employment insurance.

Are you aware of that?

[English]

Arjun Vishwanth: No, I'm not.

[Translation]

Jason Groleau: You've really never heard of it?

[English]

Arjun Vishwanth: I've seen it in talking points, but I haven't seen any evidence of it.

[Translation]

Jason Groleau: Okay.

The Driver Inc. model is said to lead to unfair competition and tax avoidance.

Are you aware of that?

[English]

Arjun Vishwanth: Sorry, I'm a lawyer. You would have to ask me a specific question. You're asking me a very broad, generalized question. You're asking me if I—

[Translation]

Jason Groleau: Does the Driver Inc. model lead to unfair competition and tax evasion, yes or no?

[English]

Arjun Vishwanth: No. I mean, define “unfair business practice”. What are you specifically referring to?

[Translation]

Jason Groleau: I asked you a question and you didn't answer it, Mr. Vishwanth.

[English]

Arjun Vishwanth: Again, I'll take you back to my technical response. It's based on evidence. I've actually broken down the costing model used by the narratives. When you actually take it down and apply proper inputs, real-world inputs, the costing model clearly tells you that there is no arbitrage for someone who decides to incorporate or otherwise.

I've also explained in this committee that someone who declares taxes as a corporation also has to declare taxes on the dividends he or she pulls out of the corporation. On a personal basis, the only arbitrage they would get is some time, but they would eventually have to pay it, so there is no loss to the CRA. I don't know what financial advantage you're talking about. There is no tax advantage to incorporating or otherwise.

Millions of Canadians incorporate. A lot of professionals incorporate. Tax regimes do work. The interesting thing is that there is no input from CRA on this issue. The authoritative body that would speak about it, if there were a “billion-dollar loss”, would be the CRA. There is no note from CRA.

The Chair: Thank you very much, Mr. Vishwanth.

[Translation]

Thank you, Mr. Groleau.

[English]

Next, we have, once again, Mr. Gaheer for five minutes.

Iqwinder Gaheer: Thank you, Chair.

Mr. Vishwanth, I want to pick up on the line of questions that I was asking earlier. You touched on this in your opening testimony. One of the criticisms of the Driver Inc. model of incorporation was that somehow it affected safety standards. That was always an odd argument to make, in my eyes, because if you're a bad driver, you're a bad driver whether you're incorporated or whether you're an employee. If you're an employer—if you're a carrier—that's following bad practices, you're following them whether you have employees or incorporated drivers.

Do you want to comment on the safety aspect?

• (1625)

Arjun Vishwanth: Safety is status-neutral. Safety is not related to your incorporation status. Safety is related to your training, to your experience, to your hours of training when you take your courses, and to your on-site training experience. It has no relation per se to your status.

From the beginning, this whole notion that tax and safety are jumbled into the Driver Inc. model... That's the problem. That is the narrative that we have to break. I would rather call these folks not Driver Inc. but empowered drivers. Empowered drivers are by far more sustainable, more profitable and safer. Drivers who are unsafe should be weeded out. That is not a status-based issue but a safety-based issue.

Iqwinder Gaheer: I want to touch on another issue. If they're employees, treat them like employees. If they're incorporated drivers, treat them like incorporated drivers. Don't mix the two models, because if that is happening, that is obviously a problem for the carriers who are treating incorporated drivers like employees or vice versa. That should not be happening. Again, it's not the model that's at fault. It's perhaps the enforcement, and maybe the education piece needs to be there.

Equipment is often raised as an issue. You mentioned four factors that determine whether you are actually an incorporated driver, or whether you should be an employee. I have a list of other factors as well. The factors would be ownership of tools and equipment, whether the worker can hire their own helpers, the degree of financial risk that's undertaken by worker, the worker's degree of responsibility for the investment in management, and the worker's opportunity to profit from the performance of the tasks. There are things like being able to reject work or not, deciding your routes, choosing your own hours and the right to set your own schedule and to avoid participation in company-specific pension or benefit plans.

These factors, and more, will determine whether you are incorporated or whether you are an employee, but carriers often tell me that their companies are being targeted for one fact alone, which is that when the trucks are not owned by the driver, the driver is still incorporated. I've read these rules. There's no hardline bright rule saying that if you do not own the truck you cannot incorporate. From what I see, there's a balancing of the scales.

Do you want to comment on that?

Arjun Vishwanth: IPG-069 and IPG-105 give you the rules for misclassification. They are overarched by the Sagaz rules from the Supreme Court, which tell you that not one single factor is determinative. You have to take a holistic approach.

In trucking, in transportation, you would have to modernize those rules. There has to be some amount of modernization. A truck transport driver who can't afford to put a down payment of \$100,000 on a truck is ineligible to incorporate his company. That's unfair. If I were to make a recommendation to this committee, I would make that one recommendation, which is to remove the test that says you need to show or display ownership of equipment and replace it with voluntariness: Does the driver choose to incorporate voluntarily without coercion? That would modernize that test. That would also get rid of all your issues with taxes and safety, because someone who has a stake in the game is safe. People who have a stake in the game will pay their taxes and will operate a safe fleet.

That would be my recommendation, or at least my observation at this point.

Iqwinder Gaheer: I was going to ask you, what do you think is the overarching solution? From the carriers I've spoken to, audits often focus on just the ownership of the truck or ownership of equipment, but it's a holistic approach. This is what you talked about, as well, that they don't necessarily have to own the truck in order to incorporate.

Arjun Vishwanth: The question really is, do you want competition or not? If you want competition, you have to allow people to participate in an economic model from which they would derive a benefit. One way to do it is to modernize the test. Empower these drivers to be able to control their own future and destinies. Remove that test and replace it with voluntariness.

Iqwinder Gaheer: Thank you.

• (1630)

The Chair: Thank you very much.

[Translation]

Mr. Barsalou-Duval, you have the floor for two and a half minutes.

Xavier Barsalou-Duval: Thank you, Mr. Chair.

I'm going to ask Mr. Bhangu a question, because he hasn't had a chance to answer a lot of questions so far.

Comments have been made so far that the Driver Inc. model does not present a risk of tax evasion, and that ownership of work tools such as the truck should be left out of the discussion.

What do you think of that?

[English]

Harman Bhangu: Excuse me. So, what you asked is whether there are ways that you can circumvent the tax system through Driver Inc.

[Translation]

Xavier Barsalou-Duval: I'm going to ask you more clearly: Why is it often said that the Driver Inc. model can lead to tax losses for the government?

[English]

Harman Bhangu: As I said, in some ways, when there are newcomers in trucking in this country who are being taken advantage of, they'll set up as being incorporated. They don't realize that they have to pay themselves as an employee, so they'll just spend right out of the bank and right out of the business. Then, later on, they come up with the issues. It's as simple as when they go to buy a vehicle or a home and try to get any kind of financing. That's when the issues arise. That's when they wake up and realize they've been taken advantage of.

[Translation]

Xavier Barsalou-Duval: If I understand correctly, newcomers don't necessarily understand that they have to pay taxes and then realize a little later that they can no longer afford to pay them once the money has left their account.

Is that right?

[English]

Harman Bhangu: Yes, that is a huge issue that I've seen numerous times. In my role as an MLA, I've had people reach out to say, "I was going down this path and this is what happened to me." I have real-life stories of people who have approached me when—

[Translation]

Xavier Barsalou-Duval: I'm going to interrupt you, because I don't have much time left.

In that regard, it has been proposed that temporary immigrants not be allowed to incorporate and be limited to salaried status.

Do you think that would be a good solution?

[English]

Harman Bhangu: Yes, that's a great idea. I don't think they should be.

[Translation]

Xavier Barsalou-Duval: Thank you.

The Chair: Thank you, Mr. Barsalou-Duval.

[English]

Next we'll go to Mr. Albas.

Mr. Albas, the floor is yours. You have five minutes, sir.

Dan Albas: Thank you.

I'm going to ask MLA Bhangu some questions.

We've heard today that there's a false narrative being presented here and that when we've used the term Driver Inc., somehow it's a talking point for industry. I'm speaking on behalf of the people I represent. What about you?

Harman Bhangu: Yes. To say that it's the racial tensions.... I'm a person of colour myself. I'm in the trucking industry. I've had people of colour tell me that this needs to be addressed. It is a concern for them.

Maybe if you have an LMIA coming to you and you have ways to circumvent it.... If there are ways, then maybe you don't want change. However, I'll tell you that a lot of the hard-working Canadians who have come here and built a life for themselves in this industry want to play by the rules, and they expect others to play by the rules.

Dan Albas: We've heard from other witnesses that when these LMIAs are received and offered to individual workers who are exploited, essentially they've been told, "There's a quid pro quo. I'll get you a vehicle. We'll get you set up with an incorporation, but you're going to work for me." They're going to be paid far less. It's sometimes, I think, 30¢ or 32¢ per kilometre—or maybe it's per mile—for the industry. The thing is that it's usually 72¢ for much of the rest of the industry, so it's impossible for them to compete. Also, I think it's impossible for them to basically do all the things you'd expect, like the maintenance of a truck.

What other shortcuts do you think are being taken by those who are put in these positions? What have you heard?

Harman Bhangu: In British Columbia, we've had a huge issue with overpass strikes and a lot of terrible accidents that have happened, unfortunately. What we have been realizing is that a lot of carriers have temporary foreign workers or new drivers on there, and they're literally told, "Hey, if you don't move this load, you're not staying in this country." This is not false; this is a reality. I have been in the industry. For people to say that this does not happen is completely ludicrous, and that's where the general public realizes there's an issue right here.

• (1635)

Dan Albas: Thank you for your testimony.

I'll pass the rest of my time to my colleague Mr. Lawrence.

Philip Lawrence (Northumberland—Clarke, CPC): Thank you.

Mr. Vishwanth, I just want to confirm some of your earlier testimony. You stated that the laws should be updated to allow those truck drivers who don't own trucks to incorporate. Is that correct?

Arjun Vishwanth: I would say that it would have the effect of modernizing the law—

Philip Lawrence: Currently, those who don't have trucks are not allowed to incorporate. Is that correct?

Arjun Vishwanth: No, that's not correct. That's not what the rules state. The rules say that you have to take a holistic approach.

Philip Lawrence: What the rules say, according to the Supreme Court, is that there are a number of factors. One of the key factors is ownership of tools. It's very difficult, the Supreme Court has said, for you to be legally allowed to incorporate.... Well, you're al-

lowed to incorporate, but you're not allowed to call yourself an independent contractor. They actually deem you to be an employee. It's very, very difficult to do that without the ownership of your tools.

You said earlier in your testimony that the laws should be changed to allow truck drivers who do not own a truck to become incorporated. That was your testimony earlier.

Arjun Vishwanth: There are two parts. First, that's not what the Supreme Court jurisprudence says, and I did not say you should change it. I said you should obtain it with voluntariness, because that is the problem everyone seems to have. They're saying that somehow businesses force drivers to incorporate.

Philip Lawrence: With respect, sir, you said earlier—we can read the record back to you—that if in fact you don't own a truck, you cannot incorporate. Now you're changing that testimony. Is that true?

Arjun Vishwanth: No. I didn't say that.

Philip Lawrence: You absolutely did. You said the laws should be modernized to allow for the—

Iqwinder Gaheer: Mr. Chair, I have a point of order.

The Chair: Go ahead, Mr. Gaheer. We'll stop the time.

Iqwinder Gaheer: It was my line of questioning that raised his testimony. I think the witness knows what he said.

Philip Lawrence: That's not a valid point of order.

This is my time, and I want my time put back.

The Chair: Your time was stopped. We'll give you the time you need.

If there are questions on what a witness said, we can refer back to the notes that have been taken and to Hansard, if necessary.

Philip Lawrence: Yes.

You clearly said, sir, that the laws need to be changed to allow those truckers who do not own trucks to incorporate. Are you now changing your testimony, sir?

Arjun Vishwanth: I said to update it, sir, not change it. You can't change the law. It probably has the same effect—

Philip Lawrence: I'm asking about your testimony, not the law. Are you changing your testimony now?

Arjun Vishwanth: What exactly is your question?

Philip Lawrence: You said earlier in your testimony that the laws need to be changed to allow those who don't own trucks to become incorporated. I mean, you were clearly implying that in order to incorporate, you need to own a truck. Are you now changing that testimony, sir?

Arjun Vishwanth: No. I think you misunderstood.

That is the current ESDC approach. If you don't own a truck or are an owner-operator, they deem to classify it as an employee-employer relationship. That's their current stance on it. I think that's wrong. Someone has to take it to the Supreme Court and have it tested.

Philip Lawrence: But it's the position of you and your organization that in order to be in compliance with the laws, in order for a truck driver to incorporate, they need to own that truck.

The Chair: Thank you, Mr. Lawrence.

Arjun Vishwanth: Those were not my comments.

The Chair: Finally for today, we'll go to Ms. Nguyen.

Ms. Nguyen, the floor is yours for five minutes, please.

Chi Nguyen: Thank you, Mr. Chair.

Thank you to the witnesses for joining us today. It's been really illuminating and helpful testimony in understanding this set of issues.

Mr. Vishwanth, you talked about bad carriers and how enforcement should focus on them. Can you talk a little bit about the appropriate role for the federal government here and what the province can do to hold companies accountable?

Arjun Vishwanth: In terms of bad actors, I can speak specifically about Ontario. The Ontario MTO has an administrative regime called the CVOR on the overall violation rate. It is a pretty well-oiled machine. It's been in place for many years. I can tell you that in the GTA, in a sample-size distribution of some small to medium-sized businesses, their overall violation rate is less than 5%. That is in the top one percentile of companies that operate in Ontario.

The issue is that... When it comes to safety, we all share the same concern. A bad driver should be weeded out. We don't have an argument on that. The issue is that when you conflate that issue with Driver Inc., tax evasion, cheats and everything else, it disproportionately affects one community. That's my problem.

Chi Nguyen: Following on that, if there is misclassification happening—it seems that there is some in the system—what is the right approach that you would recommend so that we can deal with those companies to make sure they're not shirking their responsibilities?

Arjun Vishwanth: The problem I have with the current ESDC approach to misclassification is that they don't have a very liberal approach to it. They narrow it down to whether or not you own equipment and tools. The effect it has on drivers who don't have the financial means to own a truck is that they're squeezed out of the market. I'm saying, modernize that test and update it. The Supreme Court has given us guidance on it. It says that you take all of the factors in a holistic approach.

I would specifically recommend that we replace the ownership of trucks with voluntariness. That seems to be the problem everybody has, that somehow the small and medium-sized businesses force drivers. That's not the case. Leave the voluntariness to the driver. Let the driver choose if they want to be an employee or if they want to be an incorporated driver. To not allow that is to take a very paternalistic view, and it is economic gatekeeping.

• (1640)

Chi Nguyen: There have been comments about newcomer drivers feeling targeted or mistrusted during inspections. How does the CTOA think the government could make enforcement more equitable and culturally competent and not target certain communities?

Arjun Vishwanth: Keep scales and weigh-in inspections to safety. Don't make it about status or about corporate documents. That is not their jurisdiction. That's the federal government's jurisdiction. Weigh-in scales and scale inspections should be about the mechanical fitness of the truck and the driver safety, and nothing else. To do anything more would be overreaching, and it would have a disproportionate effect on people not intended to receive that.

The Chair: Thank you very much, Ms. Nguyen.

On behalf of all members, I would like to thank Mr. Vishwanth and Mr. Bhangu for their appearances before us today and for sharing their testimony with us.

Colleagues, we're going to suspend for a couple minutes to transfer over to our second panel of witnesses.

The meeting is suspended to the call of the chair.

• (1640)

(Pause)

• (1650)

The Chair: I call this meeting back to order.

Colleagues, I do believe that there is a resolution with regard to the motion put forward by Mr. Barsalou-Duval. For that, I will turn the floor over to Mr. Kelloway to read out the text. Then I will ask for unanimous consent.

Mr. Kelloway.

Mike Kelloway: I wasn't so much going to read out the text but just mention the general intent of MP Albas's amendment about the list of information that we're seeking. We're asking for the same for everyone who has attended the study and who will attend the study—the same for all, universal, basically. I think that's the general intent. I don't have any wording per se. I'm sure we can draft something very quickly. It's a one- or two-sentence amendment.

That's the general intent here. I think we're all okay. We support that.

The Chair: Are we all in agreement, colleagues?

[Translation]

Mr. Barsalou-Duval, do you agree?

Xavier Barsalou-Duval: I agree. Basically, the idea is to replace “Canada Truck Operators Association” with all the organizations that have testified before this committee as part of this study.

The Chair: I think everyone is fine with that.

[English]

Does that work for everybody?

(Amendment agreed to)

(Motion as amended agreed to [*See Minutes of Proceedings*])

The Chair: Thank you very much, colleagues.

I now have the pleasure of welcoming our next round of witnesses.

Colleagues, appearing before us for our second round, we have, from the Office of the Auditor General of Ontario, Shelley Spence, auditor general; as an individual, Ritesh Kotak, lawyer and technology analyst; and from Mitton & Associates Inc., Blaine Mitton, president.

Welcome to you all. It's a pleasure to have all three of you here.

I'll begin with opening remarks.

For that, I will turn the floor over to you, Auditor General. The floor is yours. You have five minutes.

Shelley Spence (Auditor General, Office of the Auditor General of Ontario): Thank you.

Good afternoon, Chair and members of the committee. Thank you for the opportunity to appear before you to discuss our office's work on commercial vehicle safety and enforcement in Ontario.

My office is currently conducting an audit of the commercial driver truck licensing. Unfortunately, I cannot discuss this audit until it's tabled to parliamentarians in Ontario. However, today I can discuss an audit that was conducted in 2019 on commercial vehicle safety and enforcement, so most of the facts and figures I will be speaking about are from this time frame.

We did the audit because Ontario's truck traffic increased by about 10% between 2009 and 2018. Commercial vehicles were involved in over 182,000 collisions in Ontario, resulting in nearly 44,000 injuries and 1,180 fatalities, between 2008 and 2017.

More recently, publicly available statistics show that from 2018 to 2021 there were 78,000 collisions, and from 2018 to 2023 there were over 16,000 injuries and over 700 fatalities. According to the Ministry of Transportation of Ontario, MTO, the direct cost of large-truck collisions, including property damage, health care and emergency services, was approximately \$2 billion from 2011 to 2015.

Our main audit objective was to assess whether MTO had efficient and effective processes and systems to carry out safety programs that promote and enforce the operation of commercial vehicles in compliance with legislative and policy requirements. I will start with what we found regarding inspections. The number of roadside inspections that the ministry conducted decreased by 22% from 2014 to 2018. These inspections can identify driver violations and mechanical defects in the vehicle, among other things. If MTO had continued to conduct the inspections at the 2014 level, we found that it could have removed an additional 10,000 unsafe vehicles and drivers from Ontario's roads.

In the two years preceding our audit, MTO had not inspected any of the vehicles in 56% of Ontario's 60,000 commercial carrier businesses, even some of the ones with the highest collision rates. Most of the inspections were performed on provincial highways. As a result, local haulers, who operate on municipal roads, were unlikely

to be inspected. We noted that about 68% of truck collisions happened on municipal roads.

The next findings related to training and testing. There are drivers of large trucks who do not require a class A licence, like dump truck drivers, and they were involved in 393 at-fault collisions per 10,000, compared to 213 for class A drivers. MTO allows some carriers to train and test their own employees, and they had a licence pass rate of 95%, compared to 69% at Ontario DriveTest centres. Our audit found that commercial vehicle drivers are not subject to mandatory drug and alcohol testing, either before or during their employment. From 2014 to 2018, there were 244 collisions involving drivers under the influence, 21% of which resulted in an injury or a fatality.

Our audit's main conclusion was that MTO did not have fully effective and efficient processes and systems to consistently carry out safety programs that promote and enforce the operation of commercial vehicles.

Our office issued 19 recommendations consisting of 51 actions. This included that the ministry should determine the optimal number of annual inspections, develop a province-wide enforcement officer staffing plan and extend mandatory entry-level training to other licence classes outside of class A. At the time, the Ministry of Transportation of Ontario agreed with all 19 of our recommendations.

Our office follows up on recommendations at the two- and five-year points. In 2024, five years after our 2019 audit, MTO had fully implemented 51% of the actions we recommended, was in the process of implementing an additional 35%, and would not be implementing 14% of the action items.

• (1655)

I believe you will find these issues and recommendations relevant for all Canadians.

Our reports are online and our follow-up reports are as well. Do visit our website. You can read the whole 2019 audit.

Thank you, Mr. Chair and committee, for conducting this study and for your interest in our work.

The Chair: Thank you very much, Auditor General Spence.

We'll now go to Mr. Kotak.

Mr. Kotak, the floor is yours. You have five minutes for your opening remarks, sir.

Ritesh Kotak (Lawyer, Technology Analyst, As an Individual): Thank you.

Good afternoon, Chair, members of the committee and everyone here today in person and watching virtually.

I appreciate the opportunity to address this committee on an issue that has significant implications from many perspectives.

First, my name is Ritesh Kotak. I am a technology analyst and lawyer licensed in Ontario, and I practise in the area of labour and employment, corporate law and also technology law. Prior to becoming a lawyer, I worked in the space of cyber and digital crime. I have advised businesses and presented globally on the intersection of law, technology and society. Hence, I'm hoping to wear both hats and provide my thoughts on Driver Inc. from a legal and a technology perspective.

Driver Inc. alludes to models whereby trucking companies misclassify drivers as independent contractors instead of employees. There have been many situations where the drivers believed that they were employees but were instead misclassified. The circumvention creates an environment for the business/employer to avoid costly employee overhead and reduce costs.

I would like to quickly go over the two classifications. An employee works under the direction and control of the employer. Their hours, methods of work, and priorities are largely dictated by the employer, and they form part of the employer's organization. An independent contractor, by contrast, operates their own business. They decide how the work is done, supply their own tools, bear financial risk and can profit from the efficiency. There is no requirement for the organization to which the contractor is providing services to deduct taxes, CPP and EI, pay vacation pay or a minimum wage or provide benefits. In short, employees serve the business, while independent contractors run their own business.

The courts and tribunals have looked at the following factors when classifying whether someone is an independent contractor or employee: the level of control the employer has over the worker's activity; the worker's ability to be hired by other companies for the provision of service; the worker's ability to hire other helpers; whether the employer sets the hours of work, the location and the amount of work to be completed; whether adherence to procedures is required, such as uniforms and mandatory attendance; and whether compensation is paid via payroll or through an invoice.

Misclassification denies workers basic protections. For compliant businesses, this creates an uneven playing field, as those using Driver Inc. can undercut rates by more than 30%.

From a technology perspective, this is a double-edged sword. It can help enforce compliance, but it can also enable circumvention. Digital platforms and algorithmic management can be leveraged to identify individuals who may be misclassifying. In addition, there are numerous data points that can be examined to verify and validate the employment status.

Finally, I want to touch briefly on the ease of incorporation. First, I believe that red tape reduction is a positive thing. However, systemic and structural issues may be a contributing factor.

Creating a corporation in Canada is remarkably simple. Beyond a NUANS name search, which checks only for similar names, there is a minimal scrutiny of the process or the structure of the entity. This simplicity makes it easy for carriers to pressure drivers into incorporating, which will further perpetuate the Driver Inc. model. I

will also mention that individuals may not incorporate if they are making under \$30,000.

Legal education can probably go a long way in ensuring drivers know their rights under the legislation. It can help drivers avoid unnecessary incorporations and learn about the benefits and risks of incorporation.

Moving forward to what I hope I can expand on during the questions, if we want to balance fairness while maintaining integrity in the process, we should consider addressing stronger enforcement, audits of carriers, technological solutions to flag potential violators, and policy reform that maintains the ease of incorporation with safeguards against misuse.

Thank you. I look forward to your questions.

The Chair: Thank you very much, Mr. Kotak.

Next we'll go to Mr. Mitton.

Mr. Mitton, the floor is yours. You have five minutes, sir.

Blaine Mitton (President, Mitton & Associates Inc.): Thank you, Mr. Chair and members of the committee.

I work in mergers and acquisitions across Canada's transportation logistics market, giving me a broad view of how the Driver Inc. pay model is undermining industry, integrity and fair competition. Canada's trucking industry is one of the nation's largest economic engines, representing roughly 6% to 8% of GDP, but today its foundation is being eroded—not by lack of laws but by the failure to enforce them.

Driver Inc. is a pay model where drivers are misclassified as incorporated contractors to avoid CPP, EI, WSIB and employee benefits. Tens of thousands of drivers now fall under this scheme, and it's spreading rapidly. This is not about new legislation. It's about enforcing the laws we already have, laws that honest Canadians follow and dishonest carriers ignore.

Here is the scale of the problem. Across Canada, there are about 376,000 class A trucks in operation. If even half are tied to the Driver Inc. fleets, that's roughly 150,000 tractors operated by misclassified drivers. Each represents about \$15,000 a year in lost taxes and social contributions, a shortfall of \$2.25 billion annually, not from loopholes but from inaction. That's enough to fund a major highway or deliver tax relief to thousands of small businesses, simply by enforcing the law.

Then there is CRA's capacity versus reality. The CRA employs 60,000 people, with about a \$5.6-billion annual budget. In comparison, the U.S. IRS employs only 100,000 employees, when they have a 10:1 ratio in terms of population. With CRA's resources, the tools already exist. If just 100 auditors were assigned full time to non-remitting fleets, they could recover \$1 billion per year in lost taxes, a 65:1 return on investment. This is not a resource problem; it's a management and priority problem. Let's start November 1st and get it right.

Regarding competitive distortion, Driver Inc. doesn't just cheat the government; it cripples legitimate carriers. A legal employee driver costs a company about \$105,000 per year once wages, payroll taxes and benefits are included. A Driver Inc. contractor, on the other hand, costs about \$60,000 with no deductions, no benefits and no compliance. That's a \$45,000-per-driver advantage achieved purely through tax evasion. For an 800-tractor operation, that's \$36 million in annual advantage gained by breaking the law. Honest carriers cannot compete on those terms.

Note that we heard from this type of carrier in one of the presentations earlier and saw what he is leaving on the table. That can't last for long. He is a man of character, I must say. To add injury to this, his business has gone down by 25% while he's watching the Driver Inc. businesses go up. That's totally unfair.

Enforcement is the solution. There must be a penalty ladder. Enforcement must be clear, consistent and escalating: provide Driver Inc. companies with a 90-day compliance window. All identified carriers are notified that they must place incorporated drivers on payroll or prove legitimate owner-operator status and CRA- and Transport Canada-verified compliance.

For the first offence after the 90-day window, there should be a fine of \$50,000 per vehicle, plus back taxes and interest. For the second offence, there should be a fine of \$100,000 per vehicle, plus back taxes and interest, a three-year retroactive assessment and public disclosure. Punishment for the third offence should be the suspension and revocation of CVOR and NSC authority until compliance is verified. Penalties must make cheating unprofitable. If a carrier can pay \$500,000 in fines to save \$1.5 million through non-compliance, enforcement has failed.

Finally, publish quarterly enforcement reports showing audits, penalties and recoveries. That's how we build trust.

For the broader impact, I'm going to use the Peel example. In Peel Region, where Driver Inc. took root, the erosion of law and order is visible. There are 1,100 break and enters, 400 violent robberies, 2,100 vehicle thefts and \$48 million in drug seizures, and that's just so far this year. Last year, there were also 220 tractors and 52 trailers stolen, worth \$35 million to \$40 million, and this year the run rate is about the same.

These aren't isolated crimes. They reflect a loss of respect for law and order across the community and spread out across Canada. A segment of our society now requires firm enforcement, as was discussed the other day, because trust and voluntary compliance are no longer apparent. When law-breaking becomes tolerated in one area, like tax evasion through Driver Inc., it spreads to other areas, like robbery, vehicle theft and safety, insurance and cargo integrity.

This is a breakdown of our compliance culture, and CRA's silence enables it.

A real enforcement plan would do the following: match payroll data to vehicle registration and T4 filings versus plated tractors; audit the top 300 Driver Inc. carriers—I'm sure we can get you a list of those—starting with the largest offenders; apply the 90-day compliance window and penalty ladder; coordinate with Transport Canada and provincial authorities; publish quarterly results to keep enforcement transparent. This framework would recover billions of dollars and restore fairness almost overnight.

In conclusion, Canada doesn't lack rules; it lacks enforcement. The CRA has the tools, data and mandate; it simply hasn't acted. By dedicating a small, focused team and imposing meaningful penalties, Canada could recover \$1 billion to \$2 billion every year while restoring confidence in our institution. We owe it to legitimate carriers and every taxpayer to ensure honesty is rewarded, not punished—

The Chair: Thank you very much, Mr. Mitton. Unfortunately, I am going to have to cut you off to make sure that everybody has a chance to ask you questions. You can submit that electronically. We'll include it in our testimony, and the analysts will be very happy to review it when we're compiling our report.

Thank you very much for your opening remarks.

We'll begin our line of questioning with Mr. Lawrence.

Mr. Lawrence, the floor is yours. You have six minutes, sir.

Philip Lawrence: Thank you very much.

My questions will be for you, Mr. Kotak. I want to walk through the distinction between an independent contractor and an employee, because I don't know if we've been the most clear in terms of explaining the difference.

When an individual or a corporation... I'll start with a person. An individual has the ability to decide whether they're going to be an independent contractor or an employee. That being said, there are certain safeguards in place whereby the CRA or otherwise may deem a contract to be that of either an independent contractor or an employee. That is completely valid and legal, so the incorporation of an individual in the right circumstances to become a business is legal and allowed. Where the concern starts, for me at least, is that people are being taken advantage of.

Could you, Mr. Kotak, explain to me why an employer might want to use their greater position of power to encourage, perhaps, someone who is not as sophisticated to go ahead and incorporate, as opposed to being an employee?

Ritesh Kotak: Thank you, Mr. Lawrence, for your question.

There are multiple reasons. Obviously, I think the first one is around the fact that it's cheaper. It's definitely cheaper when it comes to taxes, CPP, EI, vacation pay, minimum wage laws and providing benefits. It's estimated to be around 30% difference, so if you're a business, there's potentially a 30% savings there if you go with the incorporation model.

There's another component to this as well. This is some of the stuff I've had to deal with—fortunately or unfortunately, depending on which way you look at it—and that is terminations, when you're actually leaving employment. There are a lot of rules around termination, whether it's the Employment Standards Act or whatever. I'm speaking, obviously, as a licensed lawyer in Ontario. I understand that it varies from province to province, but the basics are the same. When you circumvent the system and terminate an independent contractor versus meeting the threshold of having 25-plus employees, the \$2.5-million payroll, where there may be potentially additional severance owed, and common-law notice periods, all those things go out the window when it's an independent contractor versus an employee, so you're using the system to circumvent those protection mechanisms that may be in place.

Philip Lawrence: Thank you.

You could certainly envision, I believe, an employee being convinced to become an independent contractor, because they might save marginally on making CPP contributions and even delaying the paying of the tax, but a lot of the benefits that they would accrue from being an employee would actually come afterwards. If you're not an employment expert and if you're not sophisticated, you may not know that by becoming an independent contractor, you no longer participate in the EI system, so if you get fired, as you said, you may not get protections, such as common-law damages. You're not paying for CPP, so you can imagine a situation where someone is disabled and then they don't get those disability benefits from CPP. They could even work for 30 years and think they're getting CPP, but they're not.

Could you see that situation playing out, sir?

Ritesh Kotak: The short answer is yes. I think the circumvention of those protection mechanisms.... There's also the pressuring: "Look, we have a job opportunity for you, but you need to go and fill out these documents and incorporate." There's also the issue that up to \$30,000, there is no need to incorporate.

As an individual, if you don't understand labour and employment law and you don't get a contract or you don't go through it.... With a contract, there's a lot of information. There are probationary provisions in there. There are provisions around vacation. Most organizations have employee handbooks, which talk about the rights that an individual may have. All of that gets circumvented if you're an independent contractor.

Philip Lawrence: Thank you.

Getting to the classification, the CRA, among other government agencies, will classify.... There are Supreme Court decisions and there is legislation about this, but really, it is common sense: If it looks like a business and acts like a business, it's probably a business. I think of the traditional role of a truck driver working for a firm as being someone who is scheduled by them, someone who is potentially driving someone else's truck. If all of those circumstances are met, my reading of the legislation and of the Supreme Court decisions would be that this person would likely be classified as an employee.

Would you have a similar understanding?

Ritesh Kotak: I think it comes down to taking a common-sense, reasonable approach in some of these cases. The common adage is that if it looks like a duck and quacks, it's a duck. If the individual is acting as an employee—if the six items that I mentioned in my opening statement are met—then circumventing those and classifying the individual as an independent contractor, while there are legitimate situations for that, would not be appropriate.

I hope that answers your question.

Philip Lawrence: Thank you very much. You did a great job. I appreciate it.

The Chair: Thank you very much.

Next we will go to Mr. Kelloway.

Mr. Kelloway, the floor is yours. You have six minutes, sir.

Mike Kelloway: Thank you, Mr. Chair.

It's a pleasure to meet the three of you. We've had some really great testimony throughout this study, which is really important.

I'm going to try to get to all three of you. I'm going to start with Ms. Spence.

In terms of the audit you did, is that something you can provide to us? I know it's online, but I think it's very valuable information, so if you could provide that to us as part of your testimony, that would be really important.

I had a couple of questions about the timelines. Was that audit done in 2023?

Shelley Spence: It was done in 2019.

Mike Kelloway: I'm curious whether there was any previous audit before that to juxtapose, to contrast and compare, or was that basically fresh data from that time?

Shelley Spence: That is an answer I don't have off the top of my head.

I've been the AG now for two years, and that would predate even 2019, but I do believe we did an audit of driver licensing for regular drivers in 2024, and I believe that audit had been done as well before 2019.

Mike Kelloway: If that's something that can be sent to us for the study, I would greatly appreciate it. I think it would be interesting.

I have one quick question, and then I'll move on to Mr. Kotak.

In terms of the 19 recommendations... Through this study, we have clearly delineated that there are provincial opportunities to strengthen things, such as training and regulatory frameworks, and then there's a fair amount on the CRA side. I'm curious. In the 19 recommendations, is there a breakdown between provincial and federal jurisdiction?

Shelley Spence: All of our recommendations would be addressed to the Ministry of Transportation of Ontario. They would basically be around what's in their regulation authority. None of them would have been federal.

Mike Kelloway: Those would be under the domain of the province. Thanks very much. I really appreciate it.

Mr. Kotak, I'm going to shock you right now: I'm not a techy. It took me a while to understand what blockchain was, and five years ago, AI. Now we're learning a lot about it.

In your testimony, you talked about fairness and integrity and really focusing on those two pillars. I'm wondering about digital tools or platforms that could be implemented to better track employment practices in the trucking industry without breaching privacy. What are some of the things you could advise us on in using technology with respect to that balance, as you said?

Ritesh Kotak: Again, technology is just a tool. It's not there to replace; it's there to aid.

With artificial intelligence, machine learning and the emergence of tech, there are a few things that can be done and tools that can be implemented. Right off the bat, I would mention pattern recognition. I think that if individuals are, for example, spinning up corporations or making filings, we can get pretty close to using pattern recognition to identify individuals who are misusing the system.

As my friend mentioned, if you have this huge issue with limited resources, you need to know where to focus. It's kind of that flag to say, "Let's go ahead and prioritize these files versus some of the other files." That would be the pattern recognition component.

Something as small as having an AI-based chatbot... We're seeing this technology everywhere, where individuals, businesses included, are able to have a conversation with a bot to ask what to do in a situation—

Mike Kelloway: Mr. Kotak, I don't want to interrupt you, but when you say "AI chatbot", can you explain that to people who are 55, like me? What does that mean? I think it's important to drill down in terms of recommendations. What are they?

If you could do that, it would be great.

Ritesh Kotak: Sure, I apologize.

We all have search queries. We'll go online, and we'll search for something. That's our input. It will get processed, and then there will be an output, which is the result. It's not very natural. It's not a natural conversation.

With technology now, you can have a very natural conversation with, essentially, an algorithm that can give you information—it is trained on accurate information that is being inputted by sources, in this case the Government of Canada and the provinces as well, based on jurisdiction—on what the individual's rights are and pro-

vide access to additional resources, pointing you toward the right place. Essentially, what you're trying to do is create an avenue for an individual to get their questions answered in a safe manner.

Privacy aside, there are analytics as well that could be gleaned from it. What types of questions are people asking? How often are they asking those questions? Can we get down to particular jurisdictions?

I know my time is up, but that would be a way to leverage the technology.

Mike Kelloway: Thank you very much.

Mr. Mitton, in your opening testimony, you quoted a lot of different stats. I might have missed it, sir, but do you have information that you can share based on the stats that you shared with us today? There were a lot of stats that you brought up in terms of crime and correlation between different aspects—cause and effect. Can you submit any evidence to support your opening testimony?

I'd really appreciate it.

Blaine Mitton: Well, the evidence... He was mentioning ChatGPT. You can go into a chat, and you can find all the crimes, the list of crimes and all of those things, which, quite frankly, I did for my presentation. You have copies of my original presentation, I believe, where I've spelled out all the different issues.

We talk about safety. We talk about crime. These are all associated with a segment of our society. It's sad to say, but we have to address those things as a society, and—

Mike Kelloway: I don't mean to interrupt you, sir, but if you could submit... There were a lot of stats and a lot of correlation that, quite frankly, as a committee, I think we need to look into. Basically, I'm looking to ask you to show your work in terms everything you sourced today, in terms of correlation between certain groups and certain crimes. I think it's important for us to be very clear in terms of your testimony, and I want to make sure that we dig down deep into your testimony.

If you could submit that, it would be great. Thank you.

The Chair: Thank you very much.

Mr. Mitton, we'll make sure that you know how to submit that to the committee.

[*Translation*]

Now over to you, Mr. Barsalou-Duval. You have six minutes.

Xavier Barsalou-Duval: Thank you, Mr. Chair.

Mr. Kotak and Mr. Mitton, we often hear truckers on the ground say that, when companies that use the Driver Inc. scheme are caught, it's only the small players, those who operate personal service businesses. It's sad because....

Mr. Chair, there seems to be a problem with the interpretation.

The Chair: I'll stop the clock, Mr. Barsalou-Duval.

[*English*]

Do you have an issue with translation, Mr. Mitton?

Blaine Mitton: Yes.

The Chair: This might take a couple of minutes, but we're going to suspend until such time as your translation is fixed. I know that you have a special device that we need to ensure works properly.

The meeting is suspended to the call of the chair.

• (1655) _____ (Pause) _____

• (1655)

The Chair: I call this meeting back to order.

[*Translation*]

Mr. Barsalou-Duval, over to you. You have five minutes and 40 seconds left.

Xavier Barsalou-Duval: Thank you, Mr. Chair.

My question is for Mr. Kotak and Mr. Mitton. It's about how you catch the people using the Driver Inc. scheme who are not the small players. In the case of the small players, it is quite easy: These are companies incorporated in the trucking sector that have no employees or trucks. The situation is clear and quite obvious.

How can the big shots, the ones who provide the work and are the actual employers, be found and caught?

• (1730)

[*English*]

Blaine Mitton: If I might answer that, sir, you can identify them quite easily. Quite frankly, I identified over 80 transportation companies that I felt were Driver Inc. I forwarded that list to a large transportation company in Ontario. They added names and they didn't strike any off. I also forwarded that same list to a large company in Quebec. They added names and they didn't strike anybody off. It's not hard for us, in the industry, to identify which ones are Driver Inc.

Quite frankly, if you deal with the 100 major trucking companies that are Driver Inc., you will solve most of the problems that have to do with the CRA and collect the money. That's what needs to happen.

This gentleman has another way of doing that. He can flesh it out even better.

[*Translation*]

Xavier Barsalou-Duval: Mr. Kotak, do you want to add anything?

[*English*]

Ritesh Kotak: Thank you for that.

Just building on it, again—I'll take off my lawyer hat and wear my technologist hat—I do believe that there are ways of leveraging technology for pattern recognition. I don't know how interconnected the systems are behind the scenes: when you're spinning up a corporation, the type of classification that you're doing there, and

when payroll taxes get submitted by organizations as well. When you take all that data, what you're looking for is a needle in a stack full of needles, a particular needle. It can be cumbersome, but I do believe that there are ways of doing pattern recognition combining those different datasets.

Again, privacy aside.... That's definitely going to be an impediment. In some of these cases, there may be legislation that needs to be passed to allow this to occur. There's also the issue around jurisdiction. Federal and provincial have to work hand in hand, as my friend mentioned during her opening statement. There is that component to it.

In terms of pattern recognition, the technology does exist, if those systems are interconnected. What it would do, behind the scenes, is identify the organizations that are abusing the system and subject them to audit by the necessary enforcement agency.

[*Translation*]

Xavier Barsalou-Duval: Thank you.

I think this is an important issue, because it's easy to identify the small players, as I mentioned earlier. They are identified and punished. However, they will keep being replaced by others. There will be a bankruptcy or some sort of dissolution with the regulators. If the government wanted to attack the larger companies that provide the work, the entire pyramid would collapse, because they are the ones at the top.

I have a question for you, Mr. Kotak. I know you've worked with the police on cybercrime. Are you aware of any organized crime involvement in the trucking industry related to the Driver Inc. phenomenon?

[*English*]

Ritesh Kotak: Again, I think a member of law enforcement would be better able to answer that question, but I think it is inevitable that you have the component around the abuse of employees. You also have the circumvention of taxes and rules. A big component of it—which, again, police have discussed numerous times—is the connection to organized crime. I'm not an expert in that. I haven't worked in that area, so it would be unfair for me to comment on it, but I think it's well known that there is a connection.

• (1735)

[*Translation*]

Xavier Barsalou-Duval: Thank you.

Ms. Spence, in your remarks, you mentioned that when businesses trained and tested their own employees, they achieved a 98% pass rate on the test to obtain their driver's licence. However, those who apply to the Ontario Ministry of Transportation to do the test on their own have a pass rate of 68% or 69%.

How do you explain that? Is it because the companies leniently grade the tests or, on the contrary, because they provide better training? Are there better ways to conduct tests than through the regular authorities?

[English]

Shelley Spence: What we did, with the 95% pass rate, is look at what the drive test centres would come up with, which was around 68% or 69%, just to contrast it. We didn't really dig into the kind of training they get. It's just quite easy to get a licence if you're getting it from an organization that's allowed to give it to you. We are actually working and are in progress right now on an audit on driver licensing and training. We are going more in depth into that very issue, but that audit is not available yet.

The Chair: Thank you very much, Ms. Spence.

[Translation]

Thank you, Mr. Barsalou-Duval.

[English]

Next, we go to Mr. Albas.

Mr. Albas, the floor is yours. You have five minutes, please, sir.

Dan Albas: Thank you, Mr. Chair.

Again, thank you to all our witnesses here today.

Auditor General, thank you for your public service and for your kind attendance today. I'm going to direct most of my questions to you, although my questions are time-limited, obviously.

First of all, in your work.... We're a federal transportation committee, and we are focusing on the changing landscape of trucking within Canada, so I want to see whether some of the views you have seen in Ontario can be brought into the context of our committee's study. Are there any lessons learned, do you think, from your organization's study of the MTO, that could be more broadly of interest to this committee?

Shelley Spence: I believe the lessons learned from our experience with the Ministry of Transportation of Ontario are probably something that could be utilized across the country. How many inspections are being done? What is being inspected when it's happening? Is it just roadside on the highway, or is it within a municipality? Taking a look at some of the accident rates and the reasons for them, and certainly how we test and train our drivers, would be systemic, probably, across Canada, just to make sure that's happening.

Also, there's the inspection of the vehicles and making sure you do hit each of the commercial truck carriers: 56% were not tested, and some of them had very high collision rates. Doing your testing and inspections based on risks—seeing where those bad apples are and then going in, inspecting them and ensuring that they're doing the things they're supposed to do—is really important. In terms of driving, the class A licence versus the different classes is going to be different in every province, but do they have distinctions? Is the training appropriate for the type of vehicle that is being driven? Is that coming up with more at-fault accidents than not in a certain licence class?

The data is there. You can analyze it. My friend here will tell you that you can take a look at the data and analyze it to see how many collisions there are, what the fatalities and the reasons for these fatalities are, and then work your way backwards to what you are looking for in those inspections. I think any province will have the jurisdiction to test, train and inspect drivers and the vehicles, and to make sure that they have a good, detailed inspection list and they're doing enough of them. That was our initial finding: If they had actually continued at the level they were at in 2014, they would have taken 10,000 vehicles off the road that were unsafe. That's the proactive way to ensure that these fatalities, at-fault collisions and injuries do not occur.

• (1740)

Dan Albas: I think it's really interesting that you focused on proactivity, because it does seem to me—and again, I don't expect you to draw on the federal because, obviously, your work is focused in Ontario—that ESDC and CRA.... There are some major problems, particularly with the moratorium, but it does seem to be that those are lagging indicators, so they're complaint-based or flagged after the fact. It does seem that having more proactive inspection ahead of time, in other ways, would probably be helpful.

What do you think? Does any of your evidence point to that?

Shelley Spence: Yes, the evidence.... Because the roadside inspections are random, we were able to take that information, extrapolate and say, "If you had kept doing as many as you did before, we would've had 10,000 fewer vehicles on the road that were unsafe."

To get back to what you said, there are very proactive ways of doing that, and also taking a look at how truck drivers are trained. What are the tests for each of the different classes? What are the requirements that they go through to ensure that these are safe drivers we're giving licences to?

Dan Albas: Thank you very much.

Mr. Kotak, it's been suggested to this committee that temporary foreign workers—those foreign nationals on permits—should not be allowed to get incorporated status. What are your thoughts on that?

Ritesh Kotak: I really don't have any thoughts on that. As of now, the simplicity of incorporation is something I've been focused on, but I don't have any comments on that one in particular.

Dan Albas: If you do, please offer your thoughts to the committee. I know it's a quick question.

Thank you, Mr. Chair.

The Chair: Thank you very much, Mr. Albas.

Next we have Mr. Gaheer.

Mr. Gaheer, the floor is yours. You have five minutes, sir.

Iqwinder Gaheer: Thank you, Chair.

Thank you to all the witnesses for appearing before committee.

Ms. Spence, my questions are largely for you.

It is the MTO in Ontario that is in charge of licensing. Is that right?

Shelley Spence: Yes.

Iqwinder Gaheer: You mentioned recently in response to another set of questions that you are undertaking a study of licensing right now.

Shelley Spence: Yes, we are. It's a report in progress. It will also include the ministry of colleges in Ontario. It's called MCURES. It's quite a long name, so I'll just say "ministry of colleges".

Iqwinder Gaheer: Sure.

Can you talk at all, then, about that? This is one of the areas where I get a lot of reports of problems with licensing in terms of whether the training module is fully being followed, whether students are paying attention, whether they are fully immersed in that experience and, essentially, whether anyone is paying for their licence. I don't know how overblown this problem really is, but you hear about it on social media. I hear about it from folks who are in my riding of Mississauga—Malton.

Could there be, potentially, individuals who have paid to either skip courses or skip their licensing—who have essentially paid for a licence?

Shelley Spence: I can't to speak to the report in progress, because it does need to be tabled with my Parliament.

What I can say is that we did a class G driver's licence training audit in 2024. We had some mystery shoppers, I would call them, who took the courses. Out of the 11 people we put out to do a course, four were able to skip all of the road testing except for one hour of time in the car.

There are players out there who are allowing people to buy the licence and not do the work. We found that with class G licensing, I wanted to dig into whether or not that's happening in commercial trucking, but I can't mention that at this point.

Iqwinder Gaheer: I look forward to reading the report.

Your recommendations that you had in the other report.... Did any of them focus on education and awareness that could be provided to help new truck drivers in terms of what an employee is, what an incorporated driver is and what their responsibilities are under either model?

Shelley Spence: At the time—it was 2019, so it was before the pandemic—we didn't look into this whole issue of the Driver Inc. model, of incorporating or not, which has been discussed quite widely with the committee. We focused more on the Ministry of Transportation's role in regulating drivers. That's basically where we looked at the licensing and the inspections.

• (1745)

Iqwinder Gaheer: Did you find that there was an adequate level of education and ongoing training that the MTO engages in?

Shelley Spence: When it comes to training the drivers, certainly with our audit of the class G licensing, we found that there was inadequate surveillance—I guess that's what you'd want to call it—around making sure that when people have a certificate, it's not just a case of "sign on the dotted line and here's your licence".

Iqwinder Gaheer: In your opening testimony, you spoke about certain recommendations that were not implemented or were not being followed. Do you know what they are?

Shelley Spence: In our five-year follow-up, we really look at it at a very summary level, so I can't get into that level of detail. However, I can say that they have done some of the recommendations. They've figured out how many roadside inspections they need to do, and they're working on the staff training plan—that sort of thing.

As for the 14%, I had a feeling that someone would ask me that, but we did not publicly disclose which ones those were.

Iqwinder Gaheer: Thank you.

That's all for now, Chair.

The Chair: Thank you very much, Mr. Gaheer.

[*Translation*]

Mr. Barsalou-Duval, you have the floor for two and a half minutes.

Xavier Barsalou-Duval: Thank you, Mr. Chair.

Mr. Mitton, two weeks ago, I took part in a press conference with many members of the Quebec Trucking Association. One of the recommendations that came out of it was to establish a Canada-wide registry of offences so that traffic officers have access to offences committed in other provinces and so can more easily intercept offenders.

Do you think that would be helpful?

[*English*]

Blaine Mitton: They're not up to code. I would say that this goes back to whether they've been trained and whether they are Driver Inc. people or not. It's isolated.

There's a big difference between what I call the legitimate trucking companies and the non-legitimate companies. The legitimate companies spend a lot of time on their equipment, safety and driver responsibility, and there's a lot of training. There's a lot of ownership, let's put it that way. When you talk to those companies and their drivers, there's ownership and responsibility for doing a good job. That's not quite the same on the other side of that coin, with the Driver Inc. companies.

Does that answer your question?

[*Translation*]

Xavier Barsalou-Duval: I'm not sure you understood my question, but I liked your answer anyway.

Mr. Kotak, do you have any comments on that?

[*English*]

Ritesh Kotak: I want to make sure that I understood the question correctly. Is it about the control mechanisms?

[*Translation*]

Xavier Barsalou-Duval: I'm going to repeat it, because I think there may have been a problem with the interpretation.

It has been proposed that trucking-related tickets handed out by traffic officers or police officers in any province be recorded in a registry that would be accessible in all provinces. Currently, traffic officers in Quebec, for example, have access only to offences committed in Quebec. They can't see the ones that were committed in Ontario or New Brunswick, for example. This makes it harder for them to do their job and intercept trucks that are non-compliant.

Do you think a shared registry like that would be helpful?

[English]

Ritesh Kotak: The short answer is yes. I think that having access to relevant data and getting that data when you need that data pushed to you, and the benefits that come from the integration of systems.... Overall, yes, there is already sharing in many industries.

Again, the short answer is yes.

[Translation]

Xavier Barsalou-Duval: Thank you.

The Chair: Thank you, Mr. Barsalou-Duval.

[English]

Next, we'll go to Mr. Lewis.

Mr. Lewis, the floor is yours. You have five minutes, sir.

Chris Lewis (Essex, CPC): Thank you, Mr. Chair.

Thank you to all the witnesses this afternoon for their testimony. I appreciate their time.

All of my questions, Mr. Chair, will go through you to Mr. Mitton.

I'm going to start off by reading a quote, Mr. Mitton, that I believe is yours. It takes me to my first question.

We're not asking for a handout—we're demanding a seat at the table. Canada's economy runs on wheels. If we lose access to our most critical market, we lose more than business—we lose influence. We've earned our place in North America's supply chain. Now we need to defend it. Let's not wait for a solution. Let's be the voice that drives one.

I believe that was you on cross-border trucking. I really like that quote.

My riding of Essex is right next to the busiest international border crossing in North America. I believe your firm was part of the company involved in the merger of IFS Trucking with RIMS Transport, which happens to be in my riding.

• (1750)

Blaine Mitton: They are very good companies, sir.

Chris Lewis: That's great to know.

Having the busiest international border crossing in North America next to my riding, I wonder if you can speak to how Driver Inc. has affected cross-border trucking.

Blaine Mitton: In generalities, cross-border trucking needs good drivers in the U.S. It doesn't take very much to cause an accident. I was thinking about it today. If you drive 500 miles, there are going to be at least two or three occurrences when you need skilled people driving that truck, and you have 80,000 pounds to worry about. If you're in the U.S., you'd better have somebody who knows where

they're going and who has been trained and coached by a team driver so they know what they're doing. I don't think that is happening on what I call the other side of society. If you're a Canadian driver in the U.S., you really don't want to have an accident. You get on to nuclear verdicts and all kinds of things.

As some of the people here suggested the other day, all of a sudden the company names get changed, so it's another challenge for everybody.

It's a reputation for Canada.

Chris Lewis: Absolutely. Thank you, sir.

One of my constituents wrote to me that he's been in the business over 20 years, and he had to get out of the business because of a lack of training for new drivers over the past decade. He said, "I'm scared to be on the road any longer." Another constituent, a fleet manager, wrote to me and said, "I'm a second-generation business owner. I'm not only concerned for my family's future but all the families within Windsor-Essex that we and other law-abiding carriers in our community employ. These are professional truck drivers who are scared to be on the road and are scared for their families' safety."

I'm wondering if you could speak to how the Driver Inc. model puts compliant truck-driving businesses at a severe disadvantage and, in turn, puts Canadians at risk on the roads, including my constituents, who are professional truck drivers scared to be on the road.

Specifically, what are the numbers, and how are compliant truck-driving businesses at a disadvantage?

Blaine Mitton: Compliant truck companies are at a disadvantage because of cost. They pay wages, pay benefits and remit income taxes to government. The difference between a Driver Inc. company and what I call a legitimate company is about \$45,000—I think you'll find in my report that I outlined how I arrived at the numbers—which is a big number. It's a huge number.

In the meantime, the legitimate guys spend more time training, because they're responsible, versus the other people, who bring in a driver, put them in a truck and put them through a minimum amount of training, as we heard from the HR people the other day. If you have a minimal amount of training and a big rig, you're dangerous; you can't help but be dangerous. It takes a lot of emphasis to drive a big rig.

I came from a farm, and I appreciate what's happening. What I did back then was another story, but you understand the differences between people who are trained and people who are untrained, and then they're out on the road and they have to respond, and there's a big difference.

Chris Lewis: Thank you so much, Mr. Mitton.

The Chair: Thank you very much, Mr. Lewis.

Auditor General Spence, Mr. Kotak and Mr. Mitton, I want to thank you on behalf of all members of the committee, first, for your patience as we did go a little bit over due to audio-visual issues, and also for your testimony on this very important study. I wish you safe travels home.

Colleagues, before I adjourn, as discussed previously, we do have a budget before us for this study. Do I have unanimous consent to adopt the budget that has been circulated to members?

Some hon. members: Agreed.

The Chair: It is so adopted.

Thank you very much, colleagues. Have a wonderful evening.

Go, Blue Jays!

This meeting is adjourned.

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