



House of Commons  
CANADA

## Standing Committee on Finance

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FINA • NUMBER 041 • 2nd SESSION • 39th PARLIAMENT

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EVIDENCE

**Wednesday, May 7, 2008**

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**Chair**

**Mr. Rob Merrifield**

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•(1535)

[English]

**The Chair (Mr. Rob Merrifield (Yellowhead, CPC)):** I will call the meeting to order. We have quorum.

I want to thank the witnesses for coming forward.

I also want to remind the committee that we have extended our panel somewhat. We had originally had five, and now we have seven. We've asked each one to limit their comments to seven minutes maximum; please don't feel compelled to use all seven minutes. Nonetheless, we'll try to move it along as quickly as possible.

I would also remind the committee that bells will start at 5:15 for a 5:30 vote. That's going to cut our time a little bit. I also want to leave five or ten minutes at the end for discussion with regard to our last meeting and the dialogue I had with the chair of the immigration committee with regard to Bill C-50.

With that, we will move right along. We want to first of all focus our attention on Bill C-50. That's what our witnesses are here to discuss with us.

First up is David Stewart-Patterson of the Canadian Council of Chief Executives. I'll introduce the others as we yield them the floor.

Mr. Stewart-Patterson, the floor is yours for seven minutes.

**Mr. David Stewart-Patterson (Executive Vice-President, Canadian Council of Chief Executives):** Thank you, Mr. Chair, and thank you to the members of the committee for the opportunity to appear.

I think the views of the Canadian Council of Chief Executives on budget 2008 as a whole are a matter of record, and I'm not going to go into them in great detail here. I believe that the budget as a whole did build on the October economic statement by adding some important measures that will have a positive impact on Canada's competitiveness at relatively low cost to the treasury.

I've just returned from Calgary, where we had a meeting of our members with all four of Canada's western premiers in turn, the premiers of Manitoba, Saskatchewan, Alberta, and British Columbia. We also had a round table discussion on the state of the economy. Clearly the outlook in western Canada is pretty robust. In Ontario, Quebec, and parts of Atlantic Canada, it's considerably more troubling. I think the subprime mortgage crisis in the United States is clearly spilling into real estate prices, making it harder for businesses and consumers to borrow in that country, and it's clearly going to spill over into our country to some extent. All of that is simply to say

it reinforces the need for a prudent approach to fiscal policy and to the management of public spending.

If I may, let me address three specific provisions in Bill C-50 that I think support the broad thrust of the budget: employment insurance, student aid, and immigration.

On the first, we strongly support the creation of the proposed Canada Employment Insurance Financing Board. I think the business community has argued for many years that employment insurance premiums should be set by an arm's-length body on a break-even basis, and that the funds collected through these premiums should be managed in a segregated fund. We do have a continuing concern about the tendency to use the employment insurance system to provide benefits that might better be characterized as social programs. Over the longer term, we believe that money raised through employment insurance premiums should be focused more precisely on its core mandate of providing insurance against temporary job loss, and that other programs should be funded through general revenue. However, that said, the creation of the new board marks a critical step in the right direction.

Next let me speak to the issue of student aid. In an increasingly knowledge-based economy, we must ensure that every single Canadian is both able and motivated to participate and succeed in post-secondary education. Now, when I say post-secondary, that may be through university or college, it may be through apprenticeships, it may be through training and lifelong learning both within and beyond the workplace. The Canada Millennium Scholarship Foundation got off to a rocky start, but over time it found ways to work constructively with provincial governments, and I believe it became a catalyst for innovation in improving access to post-secondary education in this country. The government has opted to dissolve the foundation and replace its scholarships with a new and hopefully more robust approach to student aid. The design of the new rules is going to be critical in ensuring that the federal resources allocated to student aid are as effective as possible in overcoming the financial barriers to success in post-secondary education.

I also believe that government should move to preserve and build upon the research capacity developed through the foundation. Here, I would suggest passing its research mandate and funding to the Canadian Council on Learning, which I believe has become an important credible source of information about how Canada is doing in the field of education and what policies work best in enabling every Canadian to achieve his or her full potential.

Finally, Mr. Chairman, let me speak to the provisions of Bill C-50 that affect immigration. Canada is facing serious and growing shortages of skilled labour. These shortages are most acute in the resource sector, but they are affecting businesses of all sizes in every industry and in every region of this country. These shortages are only going to get worse as our population ages. Both Canadian employers and potential immigrants today face a huge frustration, a backlog of some 900,000 applications that under current rules have to be processed in the order they're received. The result is that a skilled worker ready to contribute to Canada's economy faces a wait of up to six years before even having his or her application processed. My understanding is that delay could grow to 10 years as early as 2012.

This legislation would give the Minister of Citizenship and Immigration some discretion to set priorities within the system. It would help in particular to speed the flow of immigrants with skills that are urgently needed in our economy. While any legislative provision for ministerial discretion may cause concern, the process outlined in this bill for issuing ministerial instructions does provide both transparency and accountability. The fact is that the current system is not working. It's not working for immigrants and it's not working for Canada. We need improvements now, and we cannot waste years more in pursuit of perfection. Whatever flaws anyone may see with the process proposed here, it does represent a clear improvement that will start to make a difference right away.

On all three of these issues, employment insurance, student aid, and immigration, Bill C-50 moves public policy toward better solutions. In each case there is more work to be done, but we support the intentions of the bill and we are prepared to work with the government to ensure that the resulting new programs and institutions achieve the best results possible for Canadians.

Mr. Chairman, thank you.

**The Chair:** Thank you very much. You led by great example; your timing was bang on. I appreciate that very much. Thank you.

We'll now move on to the Chinese Canadian National Council. We have Victor Wong.

The floor is yours. Seven minutes, please.

**Mr. Victor Wong (Executive Director, Chinese Canadian National Council):** Thank you, Mr. Chair.

The Chinese Canadian National Council is a community leader for Chinese Canadians in promoting a more just, respectful, and inclusive society. Founded 28 years ago, CCNC is a national non-profit organization, with 27 chapters across Canada. Our mandate is to promote the equality rights and full participation of our community members in all aspects of Canadian society. As a national anti-racism and human rights organization, we believe that legislation and public policies must reflect the democratic, humanitarian, and social justice values that are commonly shared by Canadians and that such policies should enhance the ability of everyone, including newcomers, to make an important contribution to the future of this country.

According to the 2006 census, there are more than 1.3 million Chinese Canadians living in Canada. We are the second largest racialized community in Canada. The Chinese Canadian community is a diverse community, with a rich though sometimes tragic history

spanning 150 years in this country. Our community was subjected to racist immigration legislation in the form of the Chinese head tax, Newfoundland head tax, and Chinese exclusion act. It was also subjected to various exclusionary policies and programs and practices at the local level. It is this direct experience with exclusionary immigration legislation that guides us in formulating the following analysis and constructive suggestions for your consideration.

I'd like to speak specifically to the proposed immigration changes in Bill C-50. First of all, we must recognize that immigration is integral to nation-building. Prime Minister Stephen Harper recently stated that the government favours an aggressive immigration policy, yet the government's approach to immigration has been less than inspiring. We need to be visionary as opposed to applying a just-in-time business model. Immigration is not about filling regional labour market shortages with just-in-time labour, and CIC is not a temp agency.

There are three key words I would propose that could guide us in our strategic vision on immigration: nation, dignity, and choices. We should be building a nation of active citizens.

Our first recommendation is that we need a comprehensive immigration plan, one that offers a clear path to legal status and citizenship. We know Canada's population is aging. More and more workers are retiring as the baby boomers turn 65 years of age, beginning in the year 2011. The birth rate is low. With the right vision, we can develop the proper plan based on an aggressive immigration policy.

The proposed immigration changes in Bill C-50 are not the answer. When these proposed changes were first introduced back in March, Immigration Minister Finley said they were needed to address the backlog in applications. However, when we carefully read the proposed changes, we found that they apply to applications received on or after February 27, 2008. In other words, these proposed changes do not apply to the existing backlog of applications. Therefore, these changes shouldn't even be in the budget implementation bill.

The government has suggested that these changes will help process applications more quickly, yet over the last three years Canada has by and large met its immigration target range. We've received an average of 250,000 immigrants every year for the last three years: 237,000 in 2007, 252,000 in 2006, and 262,000 in 2005. These applications were processed with the existing complement of staff resources. In other words, we're already at or near our capacity. Even if we are more productive and process our yearly target of 250,000 immigrants, let's say, within nine months of the year, we would have to stop processing applications because we would be at the limit of our target range.

• (1540)

We cannot reduce the backlog unless we increase the immigration target range. Our recommendation is that we increase the immigration target range, which is 240,000 to 265,000, to be 300,000 to 330,000, which is around 1% of the Canadian population.

In conclusion, there's a lack of transparency around Bill C-50. This fosters the current climate of mistrust. The immigration department has had weeks to table a revised immigration plan so that we can track the impact of these changes.

Our recommendation to the finance committee is that you recommend or you make an amendment that these proposed immigration changes in Bill C-50 be withdrawn, and that the government instead issue a proper discussion paper and organize national consultations before drafting legislation.

Thank you, Mr. Chairman.

• (1545)

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

We will now move on to Pierre Céré from CNC. The floor is yours for seven minutes.

[*Translation*]

**Mr. Pierre Céré (Spokesperson, Conseil national des chômeurs et chômeuses):** Good day.

First of all, on behalf of our organization, the Conseil national des chômeurs et chômeuses, I would like to thank you, Mr. Chairman, as well as all the MPs from the various parties represented on the Standing Committee on Finance.

Our organization represents various groups of unemployed persons, some of whom have been working for about thirty years informing people and defending their rights. We have been on the front lines of many public opinion campaigns criticizing the misappropriation of the employment insurance fund and above all, demanding a better employment insurance system.

I am here today to share our views on the upcoming establishment of the Employment Insurance Financing Board, as set out in Part 7 of Bill C-50.

We have done our homework and examined this bill very thoroughly. We have also compared it with the current Employment Insurance Act.

In our opinion, most of the provisions in Part 7 of Bill C-50 respecting the Financing Board mean very little in the way of

changes to the current employment insurance legislation. I will give you a few examples and I urge you to check for yourself in the bill over the next few days. Section 66(1) of the current act provides for the following:

[...] the premium rate should generate just enough premium revenue to cover the payments that will be made [...]

Balancing expenditures and revenues is the aim behind the establishment of the Financing Board.

According to section 66(2) of the current EI Act, the premium rate for a year may not be increased or decreased by more than 0.15%. The Financing Board will also abide by this provision.

Section 66.3 of the Act provides that:

the Governor in Council may substitute a premium rate if it considers it to be in the public interest [...]

Bill C-50 also contains a similar provision, even though this is covered in the existing legislation.

There is, however, one difference between the current situation and the planned establishment of the Employment Insurance Financing Board: the creation of an independent account would mean that workers' contributions remain in the fund and can no longer be used for other purposes. This is a significant difference.

As everyone here well knows, it was estimated that between 1995 and March 31, 2007, the government confiscated \$54.1 billion from the fund and used it for other purposes. Appearing recently—I believe it was last week—before the human resources committee, the Minister of Human Resources and Social Development, Monte Solberg, acknowledged the surpluses and the fact that they had been confiscated and misappropriated. He stated that this must not happen again and we agree with him.

The establishment of the new Crown corporation for the sole purpose of managing the fund and setting premium rates is welcome news. However, as we stated before, very little has changed. Most of the provisions of the bill were already in effect and under the Commission's responsibility. Putting it another way, it would even be possible to envisage the establishment of an independent account under the control of the Employment Insurance Commission, which would carry out the mandate of the announced Employment Insurance Financing Board. Nothing then would change.

In either case, with or without the Financing Board, under the Commission's responsibility or not, the creation of this board does not mean that all problems would be resolved. Some problems are in fact not addressed at all by this initiative. In our opinion, creating the Employment Insurance Financing Board does not resolve the issue of the confiscation of the accumulated \$54 billion surplus. Nor does it address the improvements needed to the employment insurance system in order to provide better financial protection for workers when they are between jobs.

On the first point, we propose that section 80 found on page 121 of Bill C-50 be amended so that basically, when the EI fund is in a deficit situation, the Governor in Council and the Consolidated Revenue Fund may authorize an advance to the account. However, the advance to the EI fund shall be repaid to the Consolidated Revenue Fund, with interest.

• (1550)

This is already covered in the current act and this is the intent behind the establishment of the Financing Board. We are proposing that these would not be reimbursable advances, but rather non-reimbursable payments drawn from the accumulated surplus.

As such, we are proposing that Bill C-50 be amended to provide for the keeping of records on this accumulated \$54 billion surplus with interest until it is fully reimbursed, and that this surplus be regarded as a debt. It works both ways.

Our institutions, laws and people must never forget what can be described as one of the biggest financial scandals in Canada in the 20th century: the misappropriation of billions of dollars in employment insurance contributions that were intended to better protect Canadians.

Let me explain what I mean Mr. Chairman. Global political events can sometimes be instructive. The great politician Nelson Mandela taught us that reconciliation has a price, namely truth, and that reconciliation can only take place once the truth has been established. In other words, we are not showing your our fist, but rather extending to you our hand, in the hope that the truth will emerge about the amounts stolen from the EI fund.

Moreover, the addition proposed with clause 70.1 on p. 119 of Bill C-50 provides for a \$2 billion reserve fund. This reserve fund is insufficient. According to the Canadian Institute of Actuaries, it should be \$15 billion. We propose, therefore, that this reserve be increased or that provision be made to add future annual surpluses to this reserve without affecting the balance of accounts.

Still with regard to Bill C-50, we propose that the appointment process for the Board of Directors and for the Chairperson of the Board—clauses 9 to 13 of the bill—be subject to the approval of the Standing Committee on Human Resources. This would make the process more transparent and more democratic.

Finally, the main message we wish to send to the members of this committee is that the creation of the Employment Insurance Financing Board does not address the real problem. It means that over 50% of unemployed workers are not eligible for employment insurance benefits, according to figures just released by the department. This is the most important issue to us, the key issue and the only one that we truly should be fighting for.

Whether or not the Employment Insurance Financing Board is created, the employment insurance system must be improved. Sometimes in the course of history, we must all work together, even if only for a very short time, to make progress on a social issue such as the employment insurance plan which is designed to protect workers in Canada. This is a highly political issue.

Mindful of our responsibilities, we are appealing to parliamentarians and to the various political parties represented in the Parliament of Canada.

Thank you, Mr. Chairman.

[English]

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

I allowed you to go a little bit over time, but please try to keep it down. You'll have another chance when we get into questions and answers, but I don't want to rob time from committee members.

We'll turn now to John Dirks and Sheila Robinson from the Gairdner Foundation. The floor is yours.

**Dr. John Dirks (President, Gairdner Foundation):** Thank you, Mr. Chairman.

I'm here with my colleague Sheila Robinson, representing the Gairdner Foundation.

In its February 26 budget, the Government of Canada announced an allocation of \$20 million to endow the Gairdner International Awards. Beginning in 2009 the awards will be renamed the Canada Gairdner International Awards. An agreement was signed between the foundation and the Canadian Institutes of Health Research.

The purpose of the allocation is twofold.

The first purpose is to increase the value of the Gairdner awards to \$100,000 each in keeping with their stature and with international competition. They have fallen behind, and awards are always recognized and identified with their country of origin, as are the Gairdners. The last time the prizes received an increase was in 1984, at \$30,000, which is about the \$100,000 value today.

Second, we are going to establish for the first time an individual award for global health, the Canada Gairdner Global Health Award, which will be the most prestigious in the world in this field. It will be directed at international scientists for discoveries or major advances in preventing and treating diseases in the developing world.

The Gairdner awards are a national asset. They're Canada's only globally known and respected international prize of any kind. Gairdner is the only national organization that consistently brings the world's best biomedical researchers to Canada to share their ideas and work with scientists across the country. It epitomizes the knowledge advantage. Canada has built a strong research foundation. Industry Canada wants to put in place programs that will inspire Canadians to perform at world-class levels of scientific excellence. The Gairdners are a perfect example of such a program.

Let me give you two discoveries that have led to enormous economic impact, both by honourees of the Gairdner Foundation. The whole current biotech industry rests on discoveries, from the double helix through current discoveries like the microRNAs being honoured this year. Dr. Bruce Chown of Winnipeg in the sixties developed a treatment for Rh-negative disease, which killed babies born with life-threatening anemia. A spin-off is that Calgene is now Canada's most profitable biotech company.

Advantage Canada is committed to world-leading basic and applied research. Gairdner recognizes, encourages, and celebrates such research, and in doing so fosters a culture of innovation in Canada. Who else in Canada provides a realistic and unbiased benchmark for Canada's leading scientists in comparison with the world's leading biomedical scientists? Bringing the best international scientists to meet and share their work with Canadians is what we do every year. Because biomedical research is international and global, it's important that we have such a set of awards. Gairdner does this through its national program and by its prestigious medical advisory board. Gairdner winners have also become involved every year in the scientific community, bringing the most recent knowledge to the fingertips of our scientists and graduate students.

The experience of the Gairdner Foundation could also act as a model to the development of other international science awards synergistic with Canada's overall science and technology strategies and priorities, using similar arm's-length adjudication procedures.

James Arthur Gairdner started the foundation 48 years ago to reward international scientists for discoveries. An external measure of that stature is that of the 293 individuals from 13 countries, including 42 Canadians, who have received Gairdner awards, 70 have later won the Nobel Prize. Even more remarkable is that in the past six years, 11 of the 14 Nobel prizes in medicine have gone to former Gairdner awardees. Paul Nurse, the president of Rockefeller University, a Gairdner-Nobel laureate, said, "The Gairdner [award] is one of the world's greatest biomedical research prizes.... Where it leads others follow, including the Nobel committees in Stockholm."

The core mandate of the foundation is to select annual Gairdner international awardees. It has a respected two-stage jury system, which involves a Canadian medical review panel with members from coast to coast. The second stage involves the medical advisory board, which is half international, half Canadian, and has on it five Nobel laureates and prestigious representatives from international institutions.

• (1555)

We not only give the prizes, but we have a national program that extends from Vancouver to St. John's every year in October. We have student outreach programs to senior high school students in order to inspire them into science and professional careers. We speak to the public so that there's a major interaction at all levels with Canadian citizenry.

We are now also on the verge of introducing a global health prize. Canada has a significant international reputation in the global health field. No individual prize exists, and this allows a platform to be built within Canada and, we believe, within this city that will platform and highlight global health advances in communicable diseases and population health and in the environmental health issue.

Recently our board has changed from a family to a public board and has representatives on it from Quebec, Ontario, Manitoba, Alberta, and British Columbia, and we are developing many new partnerships.

The future. The awards will continue the successful rigorous selection process, and we will not alter that value, which has served us well. Second, we will embark on a fundraising campaign from the

provinces and from the private sector to add to the costs related to our foundation. The government grant provides the endowment for the prizes, but we need to carry out our programs or events and our professional activities. We are glad to say that the Government of Alberta has already contributed \$2 million in this direction, and we hope other provinces will follow. Every year \$700,000 is raised from corporations and institutions across the land.

Finally, we believe the Global Health Award will be a new platform for Canada in the international health field. So we look forward to a future, especially next year when we will celebrate our 50th anniversary with major events across the country dealing with cancer, with commercialization, with innovation, with childhood diseases, and other aspects. It may be the most spectacular year in health sciences that this country has ever had.

We believe strongly that the support of the Gairdner Foundation is of value to every Canadian in terms of development of science culture, science literacy in Canada, and the development of skilled personnel in the life sciences and health research and professions. We believe that we'll increase public awareness and stimulate the highest levels of international excellence in research.

Thank you, Mr. Chairman.

• (1600)

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

We'll now move on. We have with us from Status Now! Campaign in Defense of Undocumented Immigrants, Ms. Zerehi.

The floor is yours for seven minutes.

**Mrs. Sima Sahar Zerehi (Coordinator, Status Now! - Campaign in Defense of Undocumented Immigrants):** Thank you.

I'm here on behalf of the Status Now! Campaign in Defense of Undocumented Immigrants. Our campaign includes various national, regional, and local immigrant refugee organizations, community organizations, trade unions, and agencies. We're extremely concerned about the proposed amendments to the Immigration and Refugee Protection Act as part of the bill for the federal budget, Bill C-50.

Throughout the past month, community groups have united across linguistic, cultural, and ethnic lines, with the Portuguese, South Asian, Arab, Hispanic, and Chinese communities working in partnership with trade unions and lawyers associations in a united campaign in opposition to the proposed immigration amendments. Our communities are extremely disturbed to see that such important changes to IRPA are being pushed through as part of the federal budget and are being reviewed by the Standing Committee on Finance rather than the Standing Committee on Citizenship and Immigration. Specifically, we're concerned about the lack of transparency and the failure on the part of the government to conduct thorough community consultations prior to the introduction of these amendments.

Our recommendation is to separate the immigration amendments from the budget implementation bill, and to recommence the process by conducting in-depth nationwide community and immigration sector consultations, under the guidance of the Standing Committee on Citizenship and Immigration.

I won't go into the issue of the backlog of over 925,000 cases, as my colleague Victor Wong has already addressed that. I'll just say that these changes will not speed up the processing of applications. In fact, giving the minister the power to discard applications that meet all immigration requirements is unfair, arbitrary, and open to abuse. We believe that if the minister wants to speed up the application process, she should hire more people to review the applications, and not simply refuse to look at the applications. People who have been waiting for years in the system deserve to have their applications looked at.

Our recommendation is to gear the budget allocations for the Department of Citizenship and Immigration towards strengthening the capacity within the department to effectively eliminate the backlog in processing family reunification requests and permanent resident applications.

Although the backlog is a justification used to push through these damaging changes, upon closer examination of the facts, it becomes evident that the real issue at stake is not the application processing times, but the low annual targets we have set for permanent residents entering the country. My colleague Mr. Wong has already addressed the numbers. Once again, to address this backlog, I'd like to reiterate the recommendation to increase the annual immigration target from the current range of 240,000 to 265,000, to 300,000 to 330,000, which is about 1% of the Canadian population.

The proposed changes will give the Minister of Citizenship and Immigration unfettered power to decide what category of immigrants will be allowed to enter the country each year. The minister has again and again assured immigrant communities that there will be no discrimination, as the Charter of Rights and Freedoms will be respected. However, without an open and transparent democratic process in place to oversee the minister's decision, certain groups of immigrants could easily be overlooked. Unfortunately, the charter does not help potential immigrants trying to come to Canada. If the minister's instruction is to fast-track temporary foreign worker applicants from Thailand, as opposed to parents coming from India or Iran, the charter cannot prevent her from doing so.

We have been told that the minister's instructions will not allow the minister to intervene in individual cases. However, by changing just one word in the act, from "shall" to "may", applicants can meet all requirements, receive sufficient points, and still be rejected. This simple change in wording renders the entire point system and its objective, non-discriminatory criteria meaningless. New immigrants will never have an assurance that if they meet the necessary criteria to come to Canada as permanent residents, they will be granted entry. These new powers are dangerous. With no set criteria, there is far too much room for arbitrary or discriminatory decision-making.

Our recommendation is to implement an immigration strategy that is open, transparent, and accountable, with criteria for permanent residency that are clear and that do not grant unfettered power to a single minister.

We have tremendous concerns about the lack of transparency within these proposed amendments. Under this new system, annual immigration priorities and categories will not be reviewed and debated within the Standing Committee on Citizenship and Immigration, but will be made solely by the minister and her office and then be published in the *Canada Gazette*. The publication may occur after the instructions come into effect, which would prevent consultation.

• (1605)

The minister will have the authority to develop instructions that are not subjected to debate or approval in Parliament. In this scenario, elected members of Parliament and the House of Commons will have no say over these instructions. For many members of immigrant communities who have come to Canada to escape oppressive regimes that reject democratic involvement, it is very concerning to see that here in Canada we're debating measures that will serve to discard the democratic procedures and concentrate the power in the hands of a single elected official.

We have been told that the proposed immigration amendments will not affect families from being able to unite under humanitarian and compassionate grounds. However, even a cursory glance at the legislation demonstrates that the minister and her officials no longer have to consider applications under the humanitarian and compassionate grounds if the family member is outside of Canada. This will mean that the humanitarian and compassionate application, which is the only course for many refugees' families to reunite, will no longer be a viable option.

In addition, we're concerned about the current policy shift of the immigration ministry whereby immigrants are increasingly being understood and treated as cheap and exploitable labour to be brought here through temporary visas. In fact, the most prevalent argument made in favour of these amendments is that they will give flexibility to visa officers to bring in skilled workers to meet labour needs.

Employers claim labour shortages of both high-skilled and low-skilled workers. Much of this perceived labour shortage is occurring in the lower-skill sector. Under the existing point system, low-skilled workers will never have enough points to stay in Canada as permanent residents and never qualify as citizens or be able to bring their families to Canada.

Our recommendation is that the government needs to reform the requirements under the Immigration and Refugee Protection Act and bring workers to Canada permanently rather than rushing in these potential immigrants as temporary cheap labourers.

I have a couple more points, a couple of recommendations.

We need to implement a full, inclusive, and accessible regularization program to address the issue of undocumented workers, because we already have workers in this country providing the labour for many of these industries.

I'll conclude by saying that it is true that our current immigration system is broken, but if these amendments go through, the immigration system will no longer be broken but shattered beyond repair.

**The Chair:** Thank you. We will get your presentation distributed in both official languages so that the committee will be able to follow it in detail.

We now have, from the Canadian Federation of Students, Amanda Aziz. The floor is yours.

**Ms. Amanda Aziz (National Chairperson, Canadian Federation of Students):** Good afternoon, and thanks very much for the opportunity to speak here today.

We're obviously here to speak today about Bill C-50's implications on Canadian student financial assistance.

The Canadian Federation of Students is Canada's largest student organization. We represent undergraduate and graduate students at Canada's public universities and colleges, both small and large. Altogether, we unite over half a million students on campaigns for affordable, high-quality, post-secondary education.

One of our longest-standing campaigns is for a national system of student grants. The up-front financial barriers to post-secondary education play a major role in explaining the unacceptable participation gap between families in the lowest and highest income quartiles. Grants are a vital tool for giving students and their families the help they need to afford post-secondary education in the face of skyrocketing tuition fees and other costs. Perhaps more importantly, grants, unlike loans, provide that help without mortgaging the future of Canada's young educated workers.

Student debt owed to the federal government through the Canada student loans program is increasing at \$18 per second, more than \$1.5 million a day. In July this year, student loans owing to the federal government will surpass \$13 billion. That doesn't include student loan debt owed to provincial governments, which could add at least \$7 billion more to the debt, nor does it include debt from private sources such as banks.

In provinces where tuition fees are the highest, average student debt is more than \$28,000, according to the Maritime Provinces Higher Education Commission. This is an embarrassment for a country as rich as Canada.

Ten years ago the federal government created the Canada Millennium Scholarship Foundation and endowed it with \$2.5 billion. The size and scope of this investment should be recognized as a substantial and well-meaning attempt at reducing student debt

and improving access to post-secondary education. Sadly, the foundation was a flawed mechanism for social programming and, by most accounts, failed to deliver much relief to Canadian students.

Provincial governments widely abused the funding from the millennium foundation, seeing it as a slush fund for their own experiments or tangential priorities. As an arm's-length and private organization, the foundation was never accountable or transparent, and it used this untouchable status for deeply political ends that in most cases ran contrary to its mandate to improve access to post-secondary education. It provided political cover for increased tuition fees, and it enriched former employees with lucrative contracts. It also paid out nearly \$250,000 in subsidies to organizations that supported its renewal.

We could argue for hours about whether or not the government should have seen this coming, but I'm here today to suggest that the best intentions led to a failed experiment. This government was right to listen to expert advice and go in a different direction. The proposed Canada student grant program will avoid so many of the pitfalls of its predecessor and will serve as a predictable and stable funding source for Canada's students.

Students need non-repayable grants, and that's not the issue. As the government has recognized in budget 2008, the issue is how grants are administered by this government, and the record is clear. The Millennium Scholarship Foundation has failed in doing so, and there is a more effective way.

In the coming months and years we look forward to providing feedback about how to maximize the new grants' effectiveness and reach, but in the meantime I encourage all parties to implement budget legislation to wind down the Millennium Scholarship Foundation. I assure you, with an HRSDC-administered program in its place, students will not miss it.

In the last few minutes I have, I want to talk about something that this bill doesn't specifically address, but that should be among the top priorities in the debate on post-secondary education policy, and that's the need for this government to invest in education for aboriginal people.

The gap that exists between low- and high-income Canadians participating in post-secondary education is even more pronounced between aboriginal and non-aboriginal Canadians. Completion rates for high school, university, and to a lesser extent, college for aboriginal people lag far behind those for non-aboriginal Canadians. And while this gap continues to widen, the population growth of aboriginal people in Canada is skyrocketing. A study commissioned in 2006 found that over 30% of the aboriginal population is under 24 years old. Despite these demographics, funding for aboriginal students has not increased. In fact, funding for the post-secondary program at the Department of Indian and Northern Affairs has remained virtually stagnant since 1996, with an inadequate 2% annual increase cap.

The Assembly of First Nations estimates that more than 13,000 eligible students in the last six years alone have been denied funding to participate in post-secondary studies. Despite the recommendations in the sixth report of the Standing Committee on Aboriginal Affairs and Northern Development last June, budget 2008 delivered no new funding for aboriginal learners and continued the cap on funding increases in INAC's post-secondary program.

We recommend the federal government immediately remove the funding cap on the post-secondary student support program and explore opportunities to provide support for non-status and Métis students, who are currently not eligible for support under INAC's post-secondary education program.

•(1610)

In closing, I want to thank the committee again for the chance to speak today, and I'll introduce Ian Boyko, who is the government relations officer. Obviously there are many issues in the budget that the time limit didn't allow us to discuss, but I look forward to your questions.

Thanks.

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

We'll now move to our last presenter, the Canadian Labour Congress. We have Andrew Jackson.

The floor is yours for seven minutes, and then we'll move to questions and answers.

•(1615)

**Mr. Andrew Jackson (National Director, Social and Economic Policy, Canadian Labour Congress):** Thank you, Chair. I'm glad you have your water back and that we can appear.

For the record, I would state that the CLC would support removing the immigration provisions of this bill for separate consideration and consultation.

I probably won't have time to speak to it, but we'd also be very critical of the introduction of a tax-free savings account, which we'd see as a major step over the long term towards freeing investment income from taxation. It's potentially a very costly long-term measure.

That said, I will focus my remarks on the EI Financing Board. I agree with much of what has been said. I think the key change and objective in the bill is to ensure that future surpluses in the EI

account, moving forward, could be used to reduce premiums, or for that matter, to enhance benefits. I think that in itself, in isolation, is probably a very modest improvement over the status quo, but it's really turning a page on history that I think can't be turned at this point. We have to come to grips with the legacy of the past decade.

As members probably know, in the Supreme Court next week they have agreed to hear a case on the legality of collecting a \$54 billion accumulated surplus in the EI account. The federal government's case is that it was constitutional to levy a payroll tax, as indeed is the case. The question is this: if the previous federal government had levied a tax to reduce the deficit and debt, would they have chosen the EI premium to do so? I think not.

Considered in isolation, it's a very regressive tax. Its regressivity is justified in the EI context by the fact that benefits are proportional to premiums paid and income covered.

The second key point is that for several years, from the mid- to late 1990s when ministers were questioned about the accumulating surplus in the EI account... Let's not forget that it was produced by the fact that we had a freeze on the level of the maximum benefit for 10 years. So the level of the maximum benefit was reduced by 30%. We had a shift to an hours-based system, so there was a lot less eligibility for the program. The justification for building up that surplus was that the accumulated EI surplus would remain in place to backstop the EI account itself, so that if we went into a recession or we went into a downturn, we wouldn't be having to increase premiums or reduce benefits.

So if we're just turning the page, where are we? We sit with a \$54 billion surplus still sitting in an EI account, completely integrated with the public accounts. And we're creating a whole new account—which, by the way, is also completely integrated with the public accounts—that manages a reserve fund, with the reserve to be set not by the new board but by the government, by regulation.

So what has really changed? As far as I can see, the only thing that has really changed is that if that account accumulates a surplus moving forward, indeed, that surplus will be retained.

I guess, for our part, we say that we're not really prepared to just wave goodbye to that \$54 billion and forget the history of how it was collected. At an absolute minimum, the reserve in the new account should be sufficient to fully backstop the EI fund in the event of a recession. Now, that doesn't cost you \$54 billion, but it costs probably in the range of \$10 billion to \$15 billion, according to expert calculations.

I think the intent of the legislation, and quite rightly so, is to ensure that the new EI Financing Board has no role at all in setting the basic parameters of the EI program. It will have nothing to say about how the program is delivered; it's only about premium setting. I think that is the right approach, and the intention is correct. However, in our submission we do suggest specific wording to clarify that the new board should not do analysis on the program and its impact and delivery; that should remain the property of Human Resources and Social Development Canada. Nor should it be making any suggestions as to how the premiums should be divided; that's between workers and employers.

Some people might have noticed quite an active employer constituency asking to reduce the employer premium and shift it onto workers. I think it's essential to make sure this remains a political decision and is not within the purview of the new board.

• (1620)

I think those are the most important points: we need a reserve fund that does allow employment insurance to act in a counter-cyclical fashion if and perhaps when we hit a recession, and to ensure that the new board plays an extremely narrowly defined and limited role. I think it is also important to ensure there is still full ministerial accountability for the employment insurance program and how it operates, and that separating the fund doesn't remove the minister from responsibility and accountability to the House for the program.

If I have a minute to speak to—

**The Chair:** One minute.

**Mr. Andrew Jackson:** I'll get it off my chest.

On the tax-free savings accounts, the key point here is that this is the thin edge of the wedge, and if you allow a \$5,000 contribution to those accounts to ramp up year after year after year, you're potentially introducing over time a savings vehicle that could begin to match RRSPs in its size and importance.

The very affluent in our society, the only ones who have maxed out their RRSP savings, are really the only ones who would take advantage of this new fund, at least above a certain limited low threshold.

I do think there are arguments for having some element of savings income free of tax. The fact that older Canadians who are in a low-income situation would qualify for the guaranteed income supplement and would therefore penalize themselves if they saved is a problem that should be addressed. The people on social assistance, I think, should be allowed to have modest amounts of savings. Having a modest amount of savings tax-free is one thing, but to have something that ramps up year after year after year to where it becomes a significant tax shelter isn't up.

Thank you.

**The Chair:** Thank you. You have made your point.

We are going to be a little tight on time. I want to ask the committee members if you want a seven-minute first round, or do you want to go five minutes and allow more?

**Some hon. members:** Seven.

**The Chair:** Seven. I'm looking for consensus.

Okay. Mr. McCallum, start for seven minutes.

**Hon. John McCallum (Markham—Unionville, Lib.):** Thank you very much, Mr. Chair, and thank you to all the witnesses.

I will use my time on two issues, the immigration question and the EI.

On immigration, I say to Victor Wong and Ms. Zerehi that I basically agree with the thrust of what you are saying. Mr. Wong, you represent the Chinese Canadian National Council, and my riding is 38% Chinese people, so what you say is what I'm hearing, and I definitely agree. I've used the term "it treats immigrants like commodities rather than people" and you've used the term "temp agency". I think it is the same thrust.

I'd like to ask one question. I don't think I heard either of you mention it, but the government is no longer obliged to accept applications from outside Canada on humanitarian and compassionate grounds. Could either or both of you give your view on that, concisely?

**Mrs. Sima Sahar Zerehi:** It is very simple. I did briefly address it, but I addressed a lot of points. The point is that the humanitarian grounds outside of Canada application is the only application that is available for many categories of immigrants to be reunited with their families, including people who are here as refugees and need to be reunited with siblings who were not included in the initial refugee claims because of certain conditions. A lot of families in Canada will be unable to finally be reunited with their siblings, with their children, with their spouses, because we will no longer have the minister required to review humanitarian and compassionate applications if they're outside the country.

**Hon. John McCallum:** Thank you.

Mr. Wong.

**Mr. Victor Wong:** For some separated refugee children, the agency is about the only option they have to reunite their families. If you close off applications from outside the country, you are closing off that family reunification. We're a community that has gone through family separation by legislation, and that was the Chinese exclusion act. There is no reason for the government to be introducing this, because from the statistics, we're talking about maybe 1,000 cases. Again, any time we restrict immigration, we find a lot of people simply fall through the cracks.

**Hon. John McCallum:** I think you mentioned this. If you put very few resources into the system, you're not going to get a big improvement in the backlog. You need to put in significant resources. If you put in very few and you fast-track one group, you're going to slow-track another group. In this case, it's families.

Let me now move to a particular aspect of EI. In a sense, we have big business sitting across the table from big labour over there. Perhaps I could focus on these two gentlemen and see the degree to which you may agree or disagree.

My concern with the new EI arrangement is not quite what I heard either of you say. It is that the system could become what economists call pro-cyclical. The actuaries agree with this, so it must be right. The actuaries say that the EI account should be balanced over the business cycle. This way, when you have a recession, whether it's due to poor Conservative policy or any other reason, you don't immediately have to jack up the premiums in order to keep it in balance. You would run EI deficits during recessions, surpluses during good times, and you would balance over the cycle. The problem with this government proposal is that they force premiums to react almost immediately to past or future deficits. Under this new system, you're going to have a big jack-up in premiums during the worst recessionary times. This leads to bad economic policy. It's not just me saying this; the actuaries are saying the same thing.

Could I ask both of you if you have a view on that point.

• (1625)

**Mr. Andrew Jackson:** I agree. We should have a fund with a reserve sufficient to go through recessions. We don't need to build up that reserve now, because we already have more than enough for it.

My understanding of the bill, though, is that the parameters for premium changes from year to year are exactly the same as they were under your government. There's no real difference, other than the \$2 billion that's there to backstop it.

**Hon. John McCallum:** A real difference in what?

**Mr. Andrew Jackson:** I'm talking about the cap on premium changes from one year to the next, which is 15¢ per hundred dollars. It's the same under the new system as it was under the old one. I just wish you'd changed it when you had the chance. This is the point.

**Mr. David Stewart-Patterson:** On this one, I don't think there's a huge difference between us. The important point is that we're at least setting up an arm's-length agency to make these decisions. Whether that independent board is going to be able to set rates in a counter-cyclical or pro-cyclical fashion depends essentially on the size of the reserve.

There is some discussion and concern about whether \$2 billion is a sufficient initial amount to have as a reserve. I don't have a particular number in mind. I think \$2 billion could be enough, but it depends on the rules, the cap on changes, and things like that. That's a detailed design issue; we're more concerned with the principle. At least we're getting the arm's-length agency, and we can build better reforms from there.

**Hon. John McCallum:** I think it's an extremely important issue. We could be saddled with a new premium-setting method that makes recessions more severe than they otherwise would be.

**Mr. David Stewart-Patterson:** Putting that decision into an independent, arm's-length body is going to lead to better decisions. They are likely to be more counter-cyclical, because they're going to be made by the people who are affected by them.

**The Chair:** Mr. Crête.

[Translation]

**Mr. Paul Crête (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, BQ):** Thank you, Mr. Chairman.

The Liberals tackled the employment insurance issue by speaking to employers and to unions. However, I have the feeling that they forgot about unemployed workers.

My question is for Mr. Céré.

The act does in fact provide for a \$2 billion reserve fund. How will this provision affect the EI system, compared to all of the other shortcomings noted since the 1994 reform? Eligibility requirements are now more stringent. People must work more hours in order to qualify and the number of weeks they qualify for benefits has been reduced.

Is it possible to improve the system, given this \$2 billion cap on the reserve fund?

**Mr. Pierre Céré:** At present, even the premium rate set a decade ago under the compressed system is generating surpluses. As of March 31, 2007, the accumulated surplus in the account totalled \$3 billion. These surplus amounts are accounted for in the eleventh Employment Insurance Monitoring and Assessment Report which we have just received. The current premium rate of \$1.93 is much lower than it was fifteen years ago. The accumulated surpluses in the account could be used to improve the EI system and ease eligibility requirements. Other countries are facing a similar reality.

Still according to the Employment Insurance Monitoring and Assessment Report, the current benefit-contribution ratio is 46.1%

• (1630)

**Mr. Paul Crête:** You mean that 46% of workers...

**Mr. Pierre Céré:** For every 100 salaried workers who have paid EI premiums, only 46 will qualify for EI when they need it. The remaining 54 will be out of luck. In most cases, we're talking about people who are in temporary jobs and who do not accumulate the hours of work required to qualify.

Our message is the same as the one we conveyed with respect to employment insurance. Creating an independent account is probably a step in the right direction. Never again must we allow the surplus to accumulate as we did for 12 or 13 years, as a result of premiums paid by employees, only to see the money misappropriated and confiscated. Quite aside from the creation of the Board, parliamentarians must seek a consensus on ways of improving the EI system. The benefit-contribution ratio of 46% makes no sense. The percentage needs to increase. Eligibility criteria must be eased.

That being said, I also realize that this has nothing to do with Bill C-50. However, parliamentarians must never forget that \$54 billion in employer and worker premiums were misappropriated. I hope that the majority of members will refuse to allow this scandal to be swept under the rug.

Section 80 of the existing act and the proposed changes which would create the Board provide that if the account is in a deficit situation, an advance may be authorized from the Consolidated Revenue Fund. However, the Board will have to repay this advance, with interest. It goes both ways, however. The Consolidated Revenue Fund owes \$54 billion to the employment insurance system. Obviously, we're not expecting a cheque for \$54 billion to be cut next week, but this money should be accounted for somewhere. Each time the account experiences a shortfall, the money to make up the deficit should come from this surplus. The money is there.

**Mr. Paul Crête:** Mr. Jackson, you have the actuaries on your side, as Mr. McCallum said. The Canadian Institute of Actuaries had this to say about the system:

[Translation] [...] the plan should instead have a \$15 billion fluctuation reserve, to avoid premium increases in the event of a recession when businesses and employees have the hardest time finding money.

What is the potential impact of the current economic slowdown— or recession, if you will— if the act is amended as the government would like it to be, that is with provision for a \$2 billion reserve? What can we expect over the next two to three years given the economic downturn, particularly in the manufacturing sector?

[English]

**Mr. Andrew Jackson:** I'm having difficulty myself working out just precisely how this new fund would set the premiums in the kind of economic context moving forward. I guess the new board will have to set the premium on a forward-looking basis, what's going to balance the account in the coming year, and establish a reserve fund that will initially be \$2 billion, or what the government is allocating.

I guess it really remains up to the board how big a reserve fund they think will need to be built up, and that's going to be set by the government. But certainly if we enter a recession next year, as Mr. McCallum said, the premiums would have to rise, and certainly if it was a recession that went on for more than a year or two.

According to the calculations I've seen, I guess the ones the chief actuary quotes based on historical experience, if we went into a fairly prolonged and severe recession, then you would need a reserve fund in the order of \$10 billion to \$15 billion. Those numbers are several years old, so I suspect it's from the higher end.

As for the \$2 billion, I think since the new premium-setting mechanism came in, the intent was to balance funds, but in fact a \$1 billion surplus has been run while we're notionally balancing. I think the intent here is that if you get a bit of an overshoot, it's not lost to the EI system more than it is to create a large reserve fund to ride us through a recession.

•(1635)

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

Mr. Wallace, you have seven minutes.

**Mr. Mike Wallace (Burlington, CPC):** I'm sharing my time with Mr. Dykstra, but I think the NDP is first, normally. No?

**The Chair:** I don't believe so. I'll chair the meeting, Mr. Wallace.

**Mr. Mike Wallace:** Thank you, and thank you for the time.

I'll be about three minutes and I'll be very quick. I need fairly quick answers from you, and I want thank you all for coming here.

Ms. Sahar Zerehi, you're here with the Campaign in Defense of Undocumented Immigrants. You say "undocumented", but another word would be "illegal". They're here illegally, is that correct?

**Mrs. Sima Sahar Zerehi:** We mean the people who fall into the cracks of the immigration system or are between status.

**Mr. Mike Wallace:** They don't have any legal status, which would make them illegal. Would that not be correct?

**Mrs. Sima Sahar Zerehi:** That would mean that they have fallen out of status.

**Mr. Mike Wallace:** Okay.

At our last meeting, Ms. Hall Findlay asked some questions of a Ms. Andrea Lyon, who is the assistant deputy minister, and I want to quote what she said and get your response.

But first of all, there are no amendments you're recommending here. You would like it removed from the bill. Is that an accurate statement?

**Mrs. Sima Sahar Zerehi:** That is accurate.

**Mr. Mike Wallace:** Mr. Wong, you would say the same thing. Is that correct?

**Mr. Victor Wong:** Yes.

**Mr. Mike Wallace:** Okay. That's not going to happen.

You asked about the H and C applications, the humanitarian and compassionate applications. Ms. Hall Findlay asked, "Yes, but the concern is the prohibition on the ones outside the country." Ms. Andrea Lyon said, "It's not a prohibition." And she goes on to explain that.

Then Ms. Findlay asked again, "Again, there is concern about discretion. Is it your understanding that the discretion would have to be used in a case such as you just described, where somebody has applied only after not being accepted under another basis?"

Ms. Lyon: "Certainly, the intention of that particular provision is not to deny H and C access to those deserving of H and C. Those people deserving of it will continue to have their applications heard in the normal manner and normal fashion."

Now, based on a bureaucrat telling us that this is the way it's going to be, what in here is different from what she told this committee at the last meeting?

**Mrs. Sima Sahar Zerehi:** I think we all like to think that everybody has the best intentions, but unfortunately there is a difference between intentions and how things are written in the law and in the bill. We've heard legal opinions again and again from lawyers, and certainly I am not a lawyer so I am not here to present a legal opinion. But sir, again and again we've heard legal opinions from the Canadian Bar Association and from lawyers in the community that these amendments could be read—

**Mr. Mike Wallace:** Could be?

**Mrs. Sima Sahar Zerehi:** Exactly, interpreted.

That's exactly the problem with the law, with these amendments, and the way they're being pushed through. Because there aren't enough community consultations, a lot of doors are still open, and a lot still needs to be reviewed and looked at. The way the wording is, it could be read that humanitarian and compassionate applications outside the country may not be looked at.

**Mr. Mike Wallace:** I have a very quick question for you. A couple came to see me in my capacity as a member of Parliament. They had exhausted their two or three refugee status applications—

**Mrs. Sima Sahar Zerehi:** You can only do one in Canada.

**Mr. Mike Wallace:** Well, there's appeal. They had their appeal.

I had a discussion with them and asked how they got here. They said they had lied to get into the country and they wanted their MP to help them.

Is your organization supporting people who have lied to get into Canada?

**Mrs. Sima Sahar Zerehi:** First of all, we're working on a campaign; the campaign's point of unity is opposition to Bill C-50 at this moment, and a regularization program that meets the needs of undocumented workers.

**Mr. Mike Wallace:** Thank you; that's my time. I share my time.

**The Chair:** Go ahead, Mr. Dykstra.

**Mr. Rick Dykstra (St. Catharines, CPC):** I want to continue on. I have one difficulty, and I wanted to ask you about it.

For every single piece of legislation that comes forward—and it doesn't matter whether it's a Liberal government or a Conservative government—you can make the claim you've made: that the interpretation of the new legislation could be one thing or it could be another. In fact, I suppose the reason we have a court system in this country is potentially to challenge those issues.

Could you tell me if you at least had a chance to read or watch the response? It doesn't sound like you trust the minister on this, so I want to get whether or not you've had a chance to read the transcripts. I'm happy to provide them for you. Ms. Lyon was very clear in her responses.

Are you saying that the ministry hasn't prepared this documentation that well either, and it shouldn't necessarily be trusted?

• (1640)

**Mrs. Sima Sahar Zerehi:** I've heard Minister Finley address questions around this issue again and again in different settings, as well as other discussions. I don't feel that I need the transcripts to read it again.

**Mr. Rick Dykstra:** You haven't heard from Ms. Lyon. Have you read Ms. Lyon's documentation? She spent an hour here being grilled by the 13 of us. Have you had a chance to read her perspective on this?

**Mrs. Sima Sahar Zerehi:** No, I have not had a chance to read her perspective on it, but at the same time, what the Conservative—

**Mr. Rick Dykstra:** Hold on a second. Hold on. I'm asking the questions.

**Mrs. Sima Sahar Zerehi:** You asked a question, and I get to respond.

**Mr. Rick Dykstra:** Mr. Chair—

**The Chair:** Go ahead.

**Mr. Rick Dykstra:** You come here and you want to challenge this legislation. I don't have a problem with that, but when you come here, you haven't read what was documented here by the ministry official who is responsible for this, and you say we need to remove it from finance because we need to do more research on it with the Department of Citizenship and Immigration. Well, those people have gone across the country or in front of panels like this and at that other ministry to determine this.

What I can't understand is how you could have more consultations on this and somehow come back to the ministry, which is going to write the legislation anyway, and say that you now like the legislation or you like the stuff that's been written after further consultation, when in fact she has come here to clarify every single point you made here today.

**Mrs. Sima Sahar Zerehi:** First of all, I'm not the person who comes up with the legal opinions.

**Mr. Rick Dykstra:** Mr. Chair—

**The Chair:** We'll allow her to go ahead.

You can answer the question, and I'll ask the members to just keep quiet while we listen to the answer.

**Ms. Sima Zerehi:** Absolutely.

First of all, I'm not the person within our organization who comes up with the legal opinion. I leave that to the lawyers. My responsibility is then to communicate that legal opinion in easy-to-understand plain language to the communities that are affected.

Our legal opinions have again and again told us that this is the interpretation. You're telling us, and the immigration department has told us, "Trust us." That's what we're hearing. We're hearing, "Trust our interpretation. Trust what we're saying. We're the good guys; we're going to interpret this in a way that will be beneficial to the communities."

Unfortunately, our communities are saying that they don't agree with your interpretation. They don't want to get rid of the democratic involvement of committees like the Standing Committee on Citizenship and Immigration. They want these things to be reviewed every time a decision is made. They don't want to see a decision in the *Gazette* afterwards and then have to shrug their shoulders and say, "Well, the minister made it; I'm sure she had great intentions."

**Mr. Rick Dykstra:** That's not what I said. I said that the ministry officials came here; you've said to this group that you didn't even read what she had to say and you want to do more research, even though the materials have been prepared and the ADM was here to respond to those questions. You're saying we need to have more discussions, but you haven't even listened to or met with the individual who is responsible for the department that has put this legislation together.

**The Chair:** We'll leave it at that, before it deteriorates any further. The time has gone.

Ms. Chow, the floor is yours.

**Ms. Olivia Chow (Trinity—Spadina, NDP):** I want to speak on two areas: EI and immigration. It's interesting that they do actually connect with each other.

With \$54 billion, imagine the funds we could use to retrain workers who are unemployed in forestry, in manufacturing, in auto plants, in various areas of Quebec, older workers, young people who could get apprenticeship training. It's a phenomenal amount of money, and that dollar really belongs to the workers and the workers alone. It shouldn't be taken away.

It connects with the immigration piece, because what is happening is that we have more and more temporary foreign workers coming into this country and it's driving down the wages of ordinary Canadians. We are in fact seeing immigrant women, for example, earning 56¢ per dollar that is being earned by Canadian-born males. As more workers are not entitled to their EI benefits, as the jobs are paying less, as there are fewer manufacturing jobs, you are seeing more and more temporary foreign workers coming into Canada.

It is connected, and that is why tomorrow the NDP has an opposition day motion and we're going to spend the entire day in the House of Commons debating whether the House has lost confidence in this government, given that the government has failed to reform employment insurance to ensure that people who lose jobs are protected and trained. That's an area I wouldn't mind some comments on.

Since the last exchange, I thought I should ask Ms. Zerehi or Mr. Wong a question. Regarding temporary foreign workers or people with precarious status in Canada, if Bill C-50 generates more of those types of immigrants, would we see more people going underground and therefore have more people disappearing? The Auditor General said there were 41,000 so far. Will we get more people going underground, making it even harder for the Canada Border Services Agency to keep track of where the immigrants or undocumented workers are?

Perhaps Ms. Zerehi could answer the question.

• (1645)

**Mrs. Sima Sahar Zerehi:** Clearly, that's exactly the connection that we are seeing. If we don't do something to fix the system at the front end, we're going to have more people falling through the cracks, and then we'll have to devote more resources at the back end.

Today we read a press release, issued by Minister Stockwell Day, complimenting CBSA for arresting undocumented workers in a factory outside of the Greater Toronto Area. What we're seeing is that at the same time as we're deporting workers, our country is speaking out again and again on the need for more labourers to come in to provide for those shortages of the workers that we're deporting. Definitely we need to see the connection here.

Bill C-50 is going to bring more temporary foreign workers into Canada for a two-year period. After that time, they're going to fall through the cracks again, and we're going to exacerbate the crisis of undocumented immigrants.

**The Chair:** Mr. Wong.

**Mr. Victor Wong:** I have a quick point.

The government has introduced the Canadian experience class to target students and high-skilled workers, but it excludes the lower-skilled workers. It makes them more vulnerable to exploitation. That's why our recommendation in our comprehensive immigration plan is that we offer a clear path to legal status and citizenship for all workers.

**Ms. Olivia Chow:** Does Mr. Pierre Céré want to answer the EI question?

**The Chair:** I think Mr. Stewart-Patterson had an answer there as well.

**Mr. David Stewart-Patterson:** I have just a quick point, if I may, on this issue of temporary workers.

I think some of the criticism of the bill is that this will lead to more temporary workers. In my view, one of the reasons we've had such a surge in temporary workers is that we can't get permanent migrants through the system. I heard of a major project in the resource sector that's in the planning stages right now where the human resource planning assumption is that they're going to have to bring in half the workers on a temporary basis because they can't get them in on time through the permanent system. This is a tragic lost opportunity for our country. We should be getting these people here on a permanent basis.

**Ms. Olivia Chow:** Yes, but is the answer, really, that there should be more training, taking the funds from the EI to do the training, so that the unemployed manufacturing workers who are now on the street, or the forestry workers, can be retrained? That is number one.

Number two, should we not change the point system and actually allow some of those people to come into Canada? Right now the skilled workers, unless they have degrees and speak fluent English, are not the types of workers you necessarily are looking for. We need carpenters, for example. Carpenters don't have enough points to come into Canada.

So yes, we are all for changing the point system, but this is not what Bill C-50 is doing. Bill C-50 is basically allowing the minister to bring people and move categories of people up and down; it's not changing the point system. I don't see how that would necessarily make the system any better.

• (1650)

**Mr. David Stewart-Patterson:** If I may, I think it provides some discretion to enable us to react to labour market conditions, but I agree with my colleagues here that Canada should be trying to attract more people. On the other hand, I also agree with you that as we bring people into the country, we do need to make sure we are enabling them to integrate as quickly as possible and move into our economic mainstream. I think that's been a flaw—

**Ms. Olivia Chow:** And make sure they're landed immigrants.

**Mr. David Stewart-Patterson:** —of public policy over the past years, that we're not doing a good enough job. If you look at the income results for immigrants and what's happened over the past 10 or 20 years, we're seeing those results deteriorate rather than improve.

So yes, there are issues that need to be dealt with, but the first thing we've got to deal with is to make it possible for more of the skilled people that Canada does need, right now, to move into this country on a permanent basis and not on a temporary basis.

**The Chair:** Okay, thank you very much.

We'll now move to Mr. McKay for five minutes. Now we're into five-minute rounds.

**Hon. John McKay (Scarborough—Guildwood, Lib.):** My precious few seconds.

I wanted to carry on the conversation that Mr. McCallum was having with Mr. Stewart-Patterson and Mr. Jackson.

This EI proposal strikes me as, if you will, a half-pregnant solution. It doesn't put a sufficient amount of money, notional or real, into the fund in order to be able to do the counter-cyclical things Mr. McCallum and you were talking about. So having \$2 billion there is almost a waste, because it really is the national treasury that stands behind the whole thing in any event.

I'd be interested in your views as to whether, if this is in fact to operate as a true arm's-length entity, it would be in both business interests and labour interests to be serious about this and actually put \$15 billion into it, much like the actuaries want to happen, and do the counter-cyclical thing. That way, when things are going badly under Conservative times you don't have to raise the premiums, and when they're going well under Liberal times you don't have to lower the premiums.

**An hon. member:** Tory times are tough times.

**Hon. John McKay:** Look, we're going into the toilet with the Conservative government.

Mr. Jackson, I'd be interested in your view.

**Mr. Andrew Jackson:** I basically agree with what you say. That's my interpretation. I think with the \$2 billion, it's intended that it would set up enough to allow, over time, the new board to not necessarily increase a premium immediately, because they would belt up the reserve. But we don't really know, because we don't know what the size of the reserve fund is going to be, and that's going to continue to be set by the government.

I think the important thing is not so much the arm's-length aspect of the fund as having a fund that's genuinely separated from the public accounts. We do know the funds that are collected through the EI premium are being spent for EI purposes, and I think there's been a lot of consensus over the years on the employer and labour side over—

**Hon. John McKay:** In some respects it's half-pregnant on half-pregnant, because they can only go up and down 15¢. You make them arm's-length, but then you take it all back, so what's the point of having the thing in the first place?

Mr. Stewart-Patterson.

**Mr. David Stewart-Patterson:** You're right. First of all, the fact that you can only go up and down by a certain amount provides some welcome certainty and limits any kind of pro-cyclical damage. At the same time, as Andrew Jackson mentioned earlier, as we were going through a period of extended economic growth, the estimates of what was needed to break even tended to lead to another surplus every year. You'd made a conservative analysis. The result was that if we had been at arm's-length a decade ago, we'd have a pretty healthy surplus by now. I think my expectation would be that an arm's-length rate-setting body is going to make that sort of conservative calculation, and over time, you would build up what the board considered to be an adequate surplus to deal with the cyclical issue.

I think there is a legitimate discussion here in terms of what the necessary seed capital is, if I can put it that way, in order to ensure that we don't immediately have to get into making decisions about raising premiums right away just to kind of—

• (1655)

**Hon. John McKay:** It just strikes me that it has the appearance of a solution, but it's not a real solution.

**Mr. David Stewart-Patterson:** One of the things we agree on here is that this is one step in the right direction. Lots more could be done, and there's a whole other policy debate about the purpose of the employment insurance fund. I think some of the other witnesses have spoken to that. There's a whole variety of different changes. We might want different changes to the purpose of the fund than others. But that's a separate policy debate that needs to take place in this country.

**The Chair:** Mr. Céré.

[Translation]

**Mr. Pierre Céré:** If I may, I would just like to clarify one thing. It's very important to understand, Mr. McKay, that the current method for setting the premium rate will also apply with the new Board, that the goal of balancing the account has been stated in the act since 2005. There is no difference in this respect. Fundamentally, the only major difference is the creation of an independent account. That's all.

As far as everything else goes, if you look closely at the act and compare sections 66, 80 and so on with the proposed provisions in Part 7 of Bill C-50, you will find the same things. The provisions are identical. This process is already used to set the current premium rate and the money is there to meet the needs of the EI system. The premium rate currently generates surpluses which would be substantial enough to make improvements to the system.

[English]

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

We'll now move on to Monsieur Laforest.

[Translation]

**Mr. Jean-Yves Laforest (Saint-Maurice—Champlain, BQ):** Thank you, Mr. Chairman.

I have a question for Mr. Céré, but it could also be put to Mr. Stewart-Patterson. Following the creation of this new, independent board, do you expect to be consulted on a regular basis or, at the very least, to take part in annual general meetings? Do you have some idea of what the nature of your involvement will be, if the bill is adopted?

**Mr. Pierre Céré:** We hope that process will be as open and as democratic as possible. In terms of appointing the board of directors and the chairperson of the board, the process needs to be more transparent and more democratic. Right now, appointments are decided by a small committee working behind closed doors. More than likely the 2-2-2 three-party approach will apply. However, consultations will need to take place and witnesses will need to be heard.

Your committees must consider these issues and endorse the minister's decision on these and other matters, including the setting of the premium rate. This is an unavoidable fact that the various associations...In a society like ours, employers, unions and social and community groups must be consulted.

**Mr. David Stewart-Patterson:** I agree. It's important for everyone that the process be transparent. In spite of what Mr. Jackson said, I think it would be important for the board to have the capability to conduct its own analyses in a transparent manner. We all hope to be consulted. Transparency is very important.

**Mr. Jean-Yves Laforest:** Do you have an opinion on the subject, Mr. Jackson?

[English]

**Mr. Andrew Jackson:** On appointments to the board, my understanding is that there'll be a nominating committee that will consist of a chair... The worker and employer commissioners will be involved in the process. So I think there's some presumption that both the employer and worker sides will have some involvement.

[Translation]

**Mr. Jean-Yves Laforest:** Mr. Céré, you stated that if the account was in a deficit situation in a given year, you would expect the shortfall to be covered by the \$54 billion that was misappropriated over a period of many years.

**Mr. Pierre Céré:** In the early 1990s.

**Mr. Jean-Yves Laforest:** I have a specific question for you. Why are you not demanding that one billion per year be put back into the account? As the account grows, premiums could be reduced?

**Mr. Pierre Céré:** That could be one option. What we're saying, first and foremost, is that the \$54 billion should not be relegated to history. The amount should be accounted for and interest, even virtual interest, should be calculated on the \$54 billion. This amount represents a debt to the EI Account. A reimbursement schedule should be worked out in a way that does not affect the account balance. For example, if one billion is refunded to the account, the government should not see this as an opportunity to lower premiums to a point where the EI system loses all of its value.

We can't forget that the EI system is one of Canada's main social programs, along with health care. Workers need EI when they are between jobs. EI is not a lifestyle, but a program that affords workers protection when they are between jobs.

● (1700)

[English]

**The Chair:** Mr. Jackson.

**Mr. Andrew Jackson:** The \$54 billion surplus that's sitting in the EI account has interest charged to it every year. This bill does nothing to change that. It still sits there as a separate account integrated with the public accounts. Minister Flaherty confirmed in a letter that if the EI program went into a deficit because of a recession and premiums didn't cover it, the program would still be covered by the government and by the EI account. I think that's the intent of the government.

What this bill doesn't do is make clear that the EI surplus continues to exist and should continue to be available for EI purposes. Effectively, if you do that, you leave it up to future consideration on just how we might deal with this problem. You might end up with a Supreme Court decision in a few weeks that throws this back to you. So you should reflect on it a bit.

**The Chair:** We'll now move to Mr. Del Mastro. Are you splitting your time?

**Mr. Dean Del Mastro (Peterborough, CPC):** No, I'll be using the time.

**The Chair:** Okay.

**Mr. Dean Del Mastro:** For the benefit of my colleagues who have missed the last 27 months of sound government, I wanted to point out that we are the only country in the G7 currently running fiscal surpluses while paying down debt. We have the hottest economy in the G7. We've created over 800,000 jobs in this country. We have year-over-year increases in employment income of 4.5%. By virtually any measure, this government's financial record is outstanding. So I'm not sure what the members opposite are discussing right now. Certainly Canada is in good hands.

Ms. Zerehi, just so you know, my grandparents immigrated to Canada. I'm very sensitive to immigration issues. I work on a number of immigration issues. I asked a number of questions to the assistant deputy minister on concerns that I had. My first question to her was:

Could you elaborate on how the proposed changes will ensure that there is no discrimination based on race, ethnicity, place of origin, and so forth?

Her response was:

As I mentioned in response to one of the other questions, one of the important considerations we will need to take into account as we develop the instructions is our range of obligations and commitments internationally and domestically. Domestically, we have the Immigration and Refugee Protection Act, and the objectives in it require us to ensure an appropriate balance among the various programs. We also have our obligations under the Charter of Rights and Freedoms that ensure we apply the law and exercise all authority in full conformity with those rights and obligations, which explicitly prohibit any form of discrimination.

Secondly, you talked about people who fall through the cracks. I work a lot with people who have fallen through the cracks. People fall through the cracks because they get frustrated sitting in the queue. We have a 6.5-year to 8-year waiting list, so they jump the queue. They wind up coming to Canada undocumented. What I asked her is:

There are various methods in trying to end-run the system. It's because the system is grinding to a halt. It's because it's taking so long. I support these amendments, which are aimed at speeding up the system. Can you elaborate on those people who have applied, the current applications? Can you talk about how those applications will be dealt with, how the old system will be transformed, and how those people can rest assured that their place in the queue won't simply be forgotten?

Her response:

The amendments contain some transition provisions that deal with applications, both pre- and post-February 27. For those who are in the backlog, that is, the pre-February 27 backlog, the minister's obligation and undertaking is to bring that number down as quickly as possible, because it is that enormous amount that is constricting the overall system. By way of the budgetary amounts that were accorded to the department, we will undertake a number of activities such as letter-writing campaigns to confirm people's interest in some of the administrative efficiency measures that the minister talked about. There is the resource issue in terms of addressing resources in some of the higher volume missions such as Manila and Delhi, which is to make sure they have some of the tools to chew through the backlog as quickly as they can.

I also asked her if she could confirm to me whether the current system—

• (1705)

**The Chair:** Mr. Crête, it had better be a point of order.

[*Translation*]

**Mr. Paul Crête:** On a point of order, Mr. Chairman.

Are you going to apologize on behalf of the committee to the witnesses who were denied the time that should rightfully have been theirs to answer questions?

[*English*]

**Mr. Dean Del Mastro:** No, I'm not, because I think it's important.

**The Chair:** No, that's not a point of order.

Go ahead, Mr. Del Mastro.

**Mr. Dean Del Mastro:** This is my time, Mr. Crête.

I asked her:

Can you please confirm for me whether the current system forces immigration officials to process applications for people who have either already immigrated to other nations or who have in fact died since they've put their application in? Do they remain in the queue and still need to be processed?

The answer: "We're obliged to process all applications."

You mentioned a number of concerns. You mentioned the potential for discrimination. You talked about how people who are currently in the queue would be forgotten about. You talked about how the system would essentially give the minister undue ability. But what we heard in response was exactly the opposite of that. That's from an impartial governmental official.

What would you respond to that?

**Mrs. Sima Sahar Zerehi:** I'll start with your point about discrimination. I'll actually quote someone from the Canadian Arab Federation. We've heard from Mohamed Boudjenane, who is the

executive director of the Canadian Arab Federation, citing again and again at press conferences that since September 11 there has been a significant decrease in the number of permanent residency applications that have been granted to members of the Arab and Muslim community. This is prior to these changes.

**Mr. Dean Del Mastro:** But that's because the system is grinding to a halt, Ms. Zerehi.

**Mrs. Sima Sahar Zerehi:** I think the reality is that we agree that the system needs to be fixed, but the way it needs to be fixed is by allocating more resources to process applications, to ensure that every single application will be looked at. People who are frustrated sitting in a queue are not the people who are falling through the cracks and coming here without documentation. Oftentimes the people without documentation are the people who will never, ever meet the current criteria under the Immigration and Refugee Protection Act to come here. Those are the people who are providing the so-called low-skilled labourers here in the country. So I think there is a conflict there in terms of who's falling through the cracks.

Also, people are falling through the cracks because some of our current immigrant policies, such as the way our Immigration and Refugee Board operates, are alienating people. The application processes are difficult, and people don't have access to the legal remedies that they need to be able to successfully navigate those systems. Those are the kinds of people who are falling through the cracks.

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

The time is now gone. We will pause for a couple of minutes as we thank the witnesses, first of all, for coming and for contributing. We will now dismiss them from the table and we'll continue with some business of the committee.

With that, we'll have a two-minute pause.

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\_\_\_\_\_ (Pause) \_\_\_\_\_

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• (1710)

**The Chair:** I call the meeting back to order.

First of all, I committed to the committee that I would talk to the chair of the immigration committee with regard to the letter we had sent him wanting their reply back to our committee by May 9. He sent us a letter saying it would be the 16th. I've done that. He is working hard with his committee—I believe they're meeting this afternoon—to try to accommodate us as much as he possibly can. I haven't heard exactly what's coming out of that, but he assured me they're going to try to work on that and accelerate that as much as possible. So I would suggest that we allow them to continue their work and see if they can accelerate that and get back to us. Hopefully they'll have it before the break. That's what his attempt was going to be.

Mr. Pacetti.

**Mr. Massimo Pacetti (Saint-Léonard—Saint-Michel, Lib.):** Thank you, Mr. Chairman.

If you ask it, you will seek it. I think we have consensus. I've talked with some of the people around the table. The immigration committee's going to try, with as much effort as possible, to get the report out by the committed date of the 16th, as per their letter of April 29. They'll use the week off for translation, and it should be ready by the 26th at the latest.

So I would suggest we move our meeting from the 26th to the 27th and we go to clause-by-clause on Tuesday, May 27, and we work around the clock, if need be. But we're ready to have the bill out by May 27.

**The Chair:** I know we're attempting to get it through by the break, but it's actually not that bad. It's right after the break, and it sounds reasonable to me.

Ms. Chow.

**Ms. Olivia Chow:** I'm moving the motion by Mr. Mulcair for a joint meeting.

**The Chair:** We have the motion on the floor right now, so we'll deal with it first.

**Ms. Olivia Chow:** Can I amend that motion, then?

**The Chair:** You can try.

**Ms. Olivia Chow:** Can I hear the wording of that motion so I can amend it properly? I would like to amend it by adding that there will be joint meetings with witnesses. I'm just trying to migrate Mr. Mulcair's motion into the main one.

**The Chair:** I think we have the intent. We'll see that as an amendment. We'll ask for a vote on the amendment that Ms. Chow

just made. It was to incorporate Mr. Mulcair's motion into this one, which is kind of a tricky way of getting it dealt with, but let's deal with it.

(Amendment negated [See *Minutes of Proceedings*])

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

• (1715)

**The Chair:** We'll go clause-by-clause on May 27, and we will finish on that date.

[*Translation*]

**Mr. Paul Crête:** At what time will we be meeting?

[*English*]

**The Chair:** May 27 is a Tuesday, and the meeting will be at 3:30 p.m.

Do you want to go in the morning? I'm good in the morning. How about 10 a.m.? Okay, we'll attempt to get a room for 10 o'clock Tuesday morning. How's that?

**Mr. Massimo Pacetti:** Citizenship and Immigration is sitting on Monday morning, so we won't overlap with them. They'll be done by Monday at 5:30 p.m., so we should be okay.

**The Chair:** Very good. Thank you.

The bells are about to ring.

The meeting is adjourned.

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