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Chair

Mr. Ed Komarnicki

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

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• (1535)

[English]

The Chair (Mr. Ed Komarnicki (Souris—Moose Mountain, CPC)): I will call the meeting to order.

I'd like to thank the minister and the officials for appearing before the committee. As is normally the practice, the minister will have an opening statement and then there will be questions from the various parties with respect to the statement. I would give the minister about an eight-minute warning and then at ten minutes we'd like the minister to conclude, if she could. The parties are anxious to be sure we get suitable rounds of questioning in.

So if everyone's earpieces are working, we will commence with the minister's presentation. Thank you, Minister, for appearing, and go ahead with your presentation.

[Translation]

Hon. Diane Finley (Minister of Human Resources and Skills Development): Thank you.

Mr. Chair and members of the committee, I am pleased to speak on the 2012-2013 main estimates for HRSDC and to present key elements of our government's economic action plan 2012.

[English]

As I said when I met you in November, Canada's performance in terms of jobs and growth is very encouraging, but we cannot be complacent. In the short term we need to deal with the lingering effects of the recession and get our economy back on a solid path of economic recovery and growth.

But we also have to take the long view and consider the interests of Canadians, not just for the next few years but for the next few decades.

I believe the two biggest challenges that we are facing are demographic change and the skills gap. The demographic challenge can be articulated very simply. Our population is aging, with the proportion of retired Canadians increasing relative to the proportion of those who are working and active in the labour market, and this trend will accelerate. Today, there are four people of working age for each person over age 65. By 2030, instead of a ratio of four to one, that ratio will only be two to one.

[Translation]

This trend has implications that we need to address. The most obvious one is that an aging population puts pressure on the

retirement income system. Canadians are living significantly longer than they did when Old Age Security was first introduced in the 1950s—and they are collecting retirement benefits for a much longer time.

[English]

OAS, quite simply, is unsustainable on its current course. Specifically, in 2012, the costs were \$36 billion, and according to Canada's Chief Actuary, by 2030, they will be \$108 billion and will account for roughly 25% of all federal program spending. Therefore, our government is taking action to protect OAS for future generations by gradually increasing the age of eligibility for old age security from 65 to 67, starting in the year 2023.

We will also offer older people assistance and financial incentives to stay in the workforce. For example, starting in July of next year, we will offer Canadians the option to defer collection of their OAS and subsequently receive an actuarially adjusted higher pension. In addition, we will proactively enrol more seniors in OAS and GIS, removing the need for them to apply themselves, and save costs at the same time.

We believe that all of these measures will improve flexibility and choice in the OAS program and keep it sustainable for future generations.

Our second biggest challenge is the growing skills shortage in this country. We're already starting to experience acute labour and skills shortages in various regions and sectors throughout the country, and those will only continue to grow. More and more, our productivity depends on our ability to work smarter rather than harder. Our greatest assets are our human resources in the form of skilled, educated, and adaptable people.

As Minister of Human Resources, I'm very concerned about the fact that in some areas we have high unemployment, and yet in those same regions we often experience labour shortages. Last year more than 250,000 jobs in Canada remained unfilled.

[Translation]

Part of the problem is that there is a mismatch between the skills that employers need and the skills that are available in the workforce. That is why, over the past three years, in collaboration with the provinces and territories, our government has made huge investments in skills training and employability programs.

In the economic plan 2012, we are intensifying those efforts. Besides our general labour market programs, we also have targeted initiatives for youth, all the workers, aboriginal people and people with disabilities.

[English]

I recently spoke to the G-20 labour and employment ministers conference about youth employment.

Countries around the world are exploring every possible way to meet the challenge of employment for young people, and I was happy to be able to share our experience and best practices and to learn from others.

In Canada, youth employment is challenging, there is no question. The unemployment rate there stands at just under 14%. As I stated to my global colleagues, there unfortunately is no silver bullet to resolving this issue. But the situation in Canada, fortunately, is better than for most other countries.

Many young Canadians, who could be launching their careers and contributing to the economy, are held back because they aren't prepared for the demands of the workplace. Sometimes it's because they lack basic skills. Sometimes it's because they don't have the specialized knowledge that leads to good jobs.

● (1540)

[Translation]

We know that, in today's labour market, two out of three jobs require some form of post-secondary education. And we are taking a multifaceted approach to support skills development and education programs.

The Government of Canada is committed to making post-secondary education accessible and affordable for all Canadians.

[English]

We invest over \$10 billion annually in support of post-secondary education, we have boosted education transfers to the provinces by 70%, and we are giving more direct support to students through various forms of financial aid. In the 2010-11 school year, the Canada student loans program provided loans and grants to approximately 445,000 students.

We are also helping students to manage their debt through the repayment assistance plan, otherwise known as RAP, under which borrowers pay back only what they can reasonably afford. In the 2010-11 school year, the RAP assisted approximately 165,000 borrowers who were having difficulty with repayment.

Just recently, we also announced that we are increasing the income eligibility thresholds for part-time student loans and grants.

Of course, a degree is not the only ticket to a good job. To help meet the rising demand for skilled workers, our government also provides cash grants to encourage young people to pursue apprenticeships in the skilled trades.

Sometimes, the greatest obstacle to a young person getting a job is simply a lack of experience. That's why, in EAP 2012, we're also reinvesting in our youth employment strategy, which helps young Canadians prepare for the labour market and get that all-important first job.

[Translation]

Our goal is to get as many Canadians working as possible. And if they lose their jobs, we want to get them back to work as quickly as possible.

[English]

We want to ensure that Canadians are always better off working than not.

EAP 2012 has introduced new measures to make the employment insurance program more efficient and more effective for Canadians. We are working to remove disincentives to work, improve the information and support provided to Canadians, and ultimately better connect them with jobs in their local area that match their qualifications.

The changes being introduced to EI are not about forcing people to move. They're not about attacking certain regions of the country.

The changes are about improving a federal system so that Canadians better understand the expectations we have of them while they are on EI. They are about making sure that Canadian workers are made better aware of the opportunities available in their own geographic area.

Ladies and gentlemen, they are about helping to ensure that employers have better access to available Canadian workers before hiring temporary foreign workers.

To conclude, Mr. Chair, our government has been clear that our priorities are: job creation, economic growth, and Canada's long-term prosperity. My department continues to be a key driver for these objectives, both today and tomorrow.

[Translation]

I would now be happy to answer any questions you may have. Thank you.

[English]

The Chair: Thank you, Minister. You were done in good time.

We'll have rounds of five minutes. We'll be watching the time relatively closely.

We'll start with Ms. Charlton.

Ms. Chris Charlton (Hamilton Mountain, NDP): Thank you very much, Chair, and thank you, Minister, for being before the committee today.

I'd like to start off, first of all, by just saying that your portfolio has such breadth and your comments alluded to the number of programs you're responsible for. I wonder whether you'd be amenable to perhaps spending a little more time with us this afternoon, perhaps until the bells start going at 5:15. I think committee members would be really excited to spend a bit more time with you this afternoon to get to some of the other questions we have. Would you be amenable to that?

• (1545)

Hon. Diane Finley: I'd very much like to. Unfortunately, I do have other commitments that I can't move at such a late notice.

Ms. Chris Charlton: All right. We'll chat some more in an elevator.

Let me start, first of all, by addressing some of the questions I have about Service Canada. As you know, Service Canada, for the last six months at least, has struggled to deliver an adequate level of services to Canadians who are applying for EI, CPP, or OAS.

Staff at EI call centres have shockingly high rates, as you know, of long-term disability leave, especially when compared to the rest of Service Canada. Yet, when I look at the estimates before us, why is the budget for citizen-centred service being chopped by nearly 30% and for staff by 2.8%?

Hon. Diane Finley: As you're aware, we have gone through an exercise looking at where we can get efficiencies in our performance, how we can do things smarter, better, so that we can serve Canadians better and faster. That's part of the explanation.

Part of that, too, goes to some other initiatives under way, such as Shared Services Canada, which will be relieving a number of departments across government of things that they're doing, duplicating each other, where they could be more efficient if administered centrally, thereby reducing the costs within the department. It's a bit of both.

Ms. Chris Charlton: Surely, if your goal is to deliver better and more effective service, the objective isn't met by working your staff until they go on long-term disability. Surely, the answer is to add resources and to staff the service centres appropriately, is it not?

Hon. Diane Finley: Not necessarily. We live in a very modern age, and quite frankly, any—

Ms. Chris Charlton: Where long-term disability is the answer?

Hon. Diane Finley: I'm sorry?

Ms. Chris Charlton: We live in a modern age where long-term disability is the answer?

Hon. Diane Finley: No, no, if I may finish. You suggested that we should be adding more people, and I said, not necessarily.

We live in a modern age, and I think it's incumbent upon us to take advantage of technology. That would mean less duplication of effort and that would mean less time spent processing claims, so that Canadians could get access to their claims and have their problems resolved in a much more efficient and quicker manner. That's part of the shared services aspect.

Unfortunately, we don't like to see people on long-term disability.

That's an initiative that's being examined across government.

The Chair: Mr. Cleary.

Mr. Ryan Cleary (St. John's South—Mount Pearl, NDP): Thank you, Mr. Chair, and thank you to the minister.

Minister, the changes you announced to employment insurance last week are making waves, as you know, right across the country, especially in Atlantic Canada and Newfoundland and Labrador. One would assume they're going to involve considerable monitoring of the behaviour of EI claimants. At the same time, your government is cutting in terms of staffing and budgets—the cuts we've heard about now for weeks, for months—for both citizen-centred services and integrity in processing.

My question is this, wouldn't any new moneys be best spent on helping claimants as opposed to harassing claimants?

Hon. Diane Finley: In fact, that's exactly the goal of our EI reforms. It's to help people find jobs within their skill range, within their geographic area, especially in seasonal regions where it may be tougher to find those jobs. We're also making changes to the system that removes barriers and things that discourage people from working part-time in the off-season.

We want to make sure that Canadians have every opportunity to get connected with jobs that will make them and their families better off. We think that's a good idea.

Right now, things exist within the system that really do discourage people and are not, shall we say, conducive to improving the standard of living of those families. We're working to fix that.

Mr. Ryan Cleary: Minister, where exactly do you expect people in rural areas of Canada, specifically outport Newfoundland for example, to find alternate employment? They live sometimes hours away from bigger centres. Where do you expect them to find that work?

The Chair: Mr. Cleary, your time is just about up. I'll let the minister continue to answer that question.

Hon. Diane Finley: We're quite aware of situations like that, and that's why each of these cases will be looked at on the basis of fairness and reasonableness, based on individual circumstances and local labour market conditions.

But we do want to make sure that instead of automatically turning to foreign workers, employers say, "Wait a minute. We have Canadians here who we haven't been able to identify who have the skills to do the jobs." We want to make sure that those Canadians get connected with those potential employers, wherever possible, as quickly as possible. If there are no jobs available locally within their skill range, those people will still have the same access to EI.

• (1550)

The Chair: Thank you, Minister.

Now we'll move to the next round of five minutes.

Ms. Leitch, go ahead.

Ms. Kellie Leitch (Simcoe—Grey, CPC): Thank you very much. Thank you Minister, deputy minister, and others for being here today. I greatly appreciate your attendance at committee.

As you know, our government has been focused on providing significant opportunities for students and young people, both part-time and full-time students. We've recently announced the elimination of interest payments on Canada student loans, for example, for part-time students. As you mentioned, Minister, the increase in the income eligibility threshold for Canada student loans and grants resulted in another 8,000 students being eligible for Canada student loans and another 1,500 students being eligible for Canada student grants.

Once they have that great education, they're going to transition into a job. I was very pleased to see the government's recent commitment of \$50 million over two years to enhance the youth employment strategy, the YES strategy, which is a very important initiative for assisting young people in getting that step into the labour market. In my own riding of Simcoe—Grey, this would be the extension of something like the tracks program in Collingwood, which has been a fabulous program linking young people with that first great job.

I was wondering if it would be possible for you to highlight for us some of the recent and past initiatives our government has undertaken to help young people find that first great job.

Hon. Diane Finley: Well, thanks.

As I mentioned in my speech, one of the critical challenges facing us as a country is going to be the skills gap. That's why, as a government, we've made unprecedented investments in things like universities and colleges and their infrastructure, so that they have the capacity, first of all, to provide young people with the skills they are going to need for the future jobs.

We also need to help these students, in many cases, connect with the jobs. That's why we have the youth employment strategy. I, too, was pleased with the extra investment this year.

There are three main streams of the youth employment strategy. One is the Canada summer jobs program that helps well over 30,000 students each summer get real experience that will often help them prepare for their future careers. It also helps them finance their way through further schooling.

There are two other aspects to it. One is the career focus program, which helps post-secondary students or university students who are graduating who are trying to find a job. They may have a lot of different challenges finding a job. The program is there to help them identify what to do, where to go, and how to get those jobs.

Then there's the skills link program, which has been very successful in helping young people from, let's say, challenged backgrounds. They may be from broken homes, have addiction issues, or even have some learning disabilities. It helps these young people to, first all, identify what they'd like to do and what they'd be good at, and then it teaches them how to pursue the jobs and how to do the interview. It gives them a work placement, since the lack of experience is often the single biggest barrier to getting their first real job. I've personally seen some tremendous achievements by thousands of young people in this program. It has been really great

in helping young people get attached to the labour market in jobs that suit them. We're pleased with that and pleased to move forward with the additional investment in these programs.

Ms. Kellie Leitch: I completely agree. I was just at Covenant House in Toronto last week where the skills link program is definitely flourishing.

I think all members of this committee, as parliamentarians across the country, would comment and say that the Canada student jobs program does benefit young people in their local ridings, no matter where they come from.

Minister, in budget 2012, there's an emphasis on jobs, growth, and long-term prosperity. One of the issues we've heard a great deal about at this committee, and also in travel, is the difficulty older workers are facing in re-entering the workforce. Some of them have been in their current roles for 10, 20, or maybe even 30 years. I was wondering if you could comment to the committee on what the government is doing to assist those older workers who may need to be transitioning into new roles. What are we focused on, and what is your department focused on?

Hon. Diane Finley: During the global recession, a lot of older workers took a particularly tough hit.

There were two categories, in some ways. There were the long-tenured workers, those people who probably got a job manufacturing straight out of high school, developed a lot of skills on the job but not necessarily the paperwork to show that they had them. These people had not had to look for a job for an awfully long time. Some of them were pretty hard hit during the global recession. We provided extra employment insurance benefits for them. We provided access to career adjustment training in significant amounts.

We also expanded something that we were pleased to bring in called the targeted initiative for older workers—those aged 55 and up—who lose their jobs through no fault of their own. They may have limited skills and may even be in an area where there are limited opportunities, but they certainly haven't had much opportunity or reason to go looking for a job. We help them in many ways through many different aspects of the TIOW, first of all in how to look for a job and how to match up what skills they have with what jobs are available.

In many cases that was done in partnership with community development projects that were looking for people who have the maturity and the work ethic that develops often over the years. A lot of these people had those skills. We're seeing again tremendous success in helping these people get back to work quickly and in helping them adjust.

Quite frankly, we need their skills and talents at work. There are too many people out there who do not recognize the value that older workers provide. Looking around this room, I'd say there are a lot of us who are pretty close to that 55-year-old age, if not on the other side of it, or who will be soon.

Some hon. members: Oh, oh!

• (1555)

Hon. Diane Finley: I said not all of us, but it's coming.

We're still vital individuals with a lot to contribute. We want to make sure we're also working with employers to make sure that they recognize the value that older workers provide to their workplaces.

The Chair: Thank you for that, minister.

Your time is up.

Madame Boutin-Sweet, go ahead.

[*Translation*]

Ms. Marjolaine Boutin-Sweet (Hochelaga, NDP): Thank you, Mr. Chair.

I would like to thank the witnesses for coming here today. Thank you, Madam Minister.

I would like to talk to you about housing. As you know, there are 600,000 social housing units in Canada, with long-term subsidies, including 127,000 in Quebec. Some of these subsidies have already expired. Others will expire in the next few years. It is said that approximately 75,000 units will be affected between now and 2016. These are all buildings that are at least 25 years old. They need renovations. Should the low-income tenants who are subsidized lose this subsidy, they will have to pay double or triple the rent that they are currently paying or find housing at \$90 per month. What can you find at that price? A hovel with truly horrible conditions. Or else they will have to choose between paying rent, buying food or buying clothing for their children.

According to your main estimates, you feel that you will be saving \$21.7 million, once the agreements expire. Does that mean that your department does not intend to renew these agreements?

Hon. Diane Finley: The Conservative government believes that all Canadians are entitled to safe and affordable housing. That is why it is investing nearly \$2 billion every year in affordable housing. However—

Ms. Marjolaine Boutin-Sweet: I apologize for interrupting you, Madam Minister. I will repeat my question: do you intend to renew the agreements?

Hon. Diane Finley: May I continue?

Ms. Marjolaine Boutin-Sweet: If you answer my question, yes.

Hon. Diane Finley: These agreements are entered into with the provinces. The Province of Quebec administers the agreements.

Ms. Marjolaine Boutin-Sweet: However, cooperatives do not come under provincial jurisdiction.

Hon. Diane Finley: There is also a group which includes representatives from the provinces, territories and the federal government, that is looking at the situation that you have described in order to determine the best action to take.

Ms. Marjolaine Boutin-Sweet: Are you saying that you are thinking about renewing the agreements? If so, where is this indicated in the budget? It is not apparent in the budget.

Hon. Diane Finley: The budget that we are presenting here reflects base funding, and does not include other things. We cannot draw up a budget for something that we do not know. There are still two years remaining in the agreements with the provinces. That is why we have established this group with representatives from both

levels of government, in order to look at what measures need to be taken in the future.

Ms. Marjolaine Boutin-Sweet: There are agreements with the provinces, but there are also direct agreements between the federal government and housing cooperatives, for instance. Will these agreements be renewed? I believe this is an issue for the Canada Mortgage and Housing Cooperation.

Hon. Diane Finley: I will turn the floor over to Karen Kinsley, president of CMHC.

Ms. Karen Kinsley (President, Canada Mortgage and Housing Corporation): You referred to agreements that are expiring.

Ms. Marjolaine Boutin-Sweet: Indeed.

Ms. Karen Kinsley: As the minister mentioned, a task force is currently analyzing the situation but, for the time being, it is not clear that all projects are in the same state. Some projects are doing well whereas others require work. A task force, in discussing the situation with the provinces and the territories, will enable us to determine which projects require improvement, as you mentioned, and which are now viable. We have not yet completed the work to determine the current situation or state of affairs with any accuracy.

• (1600)

Ms. Marjolaine Boutin-Sweet: So the annual amount of \$21.7 million could be used for that purpose? Is that a possibility?

Ms. Karen Kinsley: The amount that now figures in our main estimates is, as the minister stated, the base funding for the current situation. The conclusions of the task force will determine what we need to do in the years that lie ahead. So that is not reflected in the budget as such.

Ms. Marjolaine Boutin-Sweet: In that case, I have a second question for you, Madam Minister. I met with representatives from the Cooperative Housing Federation of Canada who informed me of a pilot project involving two cooperatives with excellent financing, but requiring significant repair. They tried to secure a mortgage with private organizations in order to deal with this situation, in order to keep the rents affordable, etc.

Unfortunately, when they went to see the Canada Mortgage and Housing Corporation in order to cancel the current funding arrangement and obtain a new mortgage, they were told that not only did they have to reimburse the current debt, which is fine, but in addition, there was a five-year penalty. So they had to pay five years' interest, namely \$140,000, which was not possible for them.

[*English*]

The Chair: Madame Boutin-Sweet, your time is up. If you could put the question, I'll let the minister—

[*Translation*]

Ms. Marjolaine Boutin-Sweet: I am asking my question.

Would you be prepared to review the prepayment rules, to ensure that groups, like this one, who are trying to get out of an agreement, can do so?

Hon. Diane Finley: When you negotiate a mortgage, you have to decide whether it will be at a fixed rate or at a variable rate. When organizations have opted to have a fixed-rate mortgage, they have made a choice. In this case, the interest rates were lower than the market rates. So if they wish to change the mortgage and the conditions, they have to wait until the mortgage expires. The same thing applies for a mortgage on your house. You have to make a choice or pay a penalty, if you wish to make a change. At that point in time, the rates were really very favourable.

Ms. Marjolaine Boutin-Sweet: When you enter into a mortgage with a private organization, you have to pay a penalty of several months, not a five-year penalty.

[English]

The Chair: Thank you for that exchange.

We will move now to Mr. Daniel.

Go ahead.

Mr. Joe Daniel (Don Valley East, CPC): Thank you.

Minister, I would like to begin by saying how much I appreciate your appearance here today and giving you some feedback from the constituents in my riding.

There has been a tremendous amount of positive feedback on the government's budget, which is delivering on our commitment to jobs, growth, and long-term prosperity. I am pleased to note that in your budget there are several measures to improve the employment insurance system to help Canadians connect with local jobs in their local economy.

As part of the budget, it was announced that a new national "working while on claim" pilot project is being put in place that will help Canadians keep more of what they earn while collecting EI. I think this is a great initiative that will ensure that EI claimants take all available work while they are receiving benefits. Any time you encourage people to get back to the labour force and work, it is a good thing.

Would you be able to update this committee on what the working while on claim pilot project is, and how it will ensure that Canadians always get better off while accepting all available work?

Hon. Diane Finley: Thanks. I particularly like the question because this announcement was made recently.

To put it in context, I met with a number of people who are on employment insurance and had been offered part-time work, and I met with the employers who had often offered it to them. These EI claimants said they couldn't afford to go to work for the employers. Yes, they would like to do it, but it cost them to work because the system is set up in such a way that someone who is on EI could earn, by taking part-time work, the greater of \$75 or 40% of their claim. After that, they had to turn back from their EI, dollar for dollar, every dollar they earned working on a job. It just didn't pay. It didn't make sense to work beyond that \$75 or 40% cap.

So people who wanted to work were basically told their work was worth nothing, and employers couldn't get the help they needed. So a few weeks ago we introduced this change, which takes effect in August, that says if they can find part-time work, we're going to let

them benefit from that. They're still on EI but they'll now be allowed to keep 50 cents of every dollar they earned, and that's for part-time work. That's a good thing.

First, the worker and his or her family are better off, but second, we know that quite often somebody gets a part-time job and that leads to full-time work, and then that person is off EI, they are collecting full wages, and that's even better. So you go from EI to working part-time when you can keep your EI plus, to working full-time in many cases.

With the skills and labour shortages we're experiencing across the country, and that we're expecting to see grow significantly, this is a good way to make sure that work always pays, that people are always better off putting forth the effort they really want to.

• (1605)

Mr. Joe Daniel: It's certainly an exciting project, and I'm sure the pilot will expand.

Many of the concerns the constituents raise with me about the EI system relate also to the so-called disincentives to work. I know it has been mentioned that as part of the budget implementation act you have made changes to the best variable weeks pilot project. These changes are so positive that Mr. Cuzner has praised them on national television.

Mr. Rodger Cuzner (Cape Breton—Canso, Lib.): [*Inaudible—Editor*]

Some hon. members: Oh, oh!

Mr. Joe Daniel: Thank you very much for that.

Could you please explain how these changes will encourage workers, particularly seasonal workers, to accept all available work, as well as how it will bring fairness to the calculation of weekly benefits on a national level?

The Chair: Thank you, Mr. Daniel. When the Minister responds, probably your time will be up.

Go ahead, Minister.

Hon. Diane Finley: Thank you, Mr. Chair.

For many years, a program called the best 14 weeks pilot project has been run in 25 of the 58 EI regions across the country. As you say, it was a number of years ago, and what it said basically was that in areas of high unemployment where it's difficult to find a job, instead of taking their average wage, we were just going to take it from the best 14 weeks they worked. One of the problems was that if you worked extra, it started to bring you down a bit.

But the other thing that we found was that in those regions where the pilot project was running, when they started the pilot project they might have been at 13% or 14% unemployment, and they're now sitting at 5%. Yet other parts of the country where there was a 5% unemployment rate, people needed maybe 22 to 26 weeks. That's how they were evaluated, so they would be taking more work but at a lower rate. They ended up getting fewer benefits in dollars than the people in the pilot regions, and that wasn't fair.

So we said we were going to make it equal across the country and adjust it according to the unemployment rate in their region. Now if you have two parts of the country where the unemployment rate is the same, somebody has the same job experience, they're going to get the same benefits. But we're also going to make sure that it does vary according to our belief that when an unemployment rate in an area is low, it's easier for people to find work, so it makes it harder to qualify for EI. They have less need for it because there's more opportunity for them to be working.

So it's going to vary directly with that, which I think is fair. In areas where it's tough to find another job and the unemployment rate is high, then the number of weeks required to determine the benefit rate will be lower in recognition of those differences that exist between different regions.

The Chair: Thank you, Minister.

Mr. Cuzner, you might want to start with the comment attributed to you, or not.

Mr. Rodger Cuzner: No, I'm okay with it. I'm going to make a deal with the minister. I'm going to say three nice things about her, then she can keep her answers short and I can get all my questions in. How about that? That's a good deal.

As Joe said, certainly the two actions, the best 14 weeks—although it's politics. I understand that. You would sort of lead us to believe that you invented this program a couple of weeks ago. The fact is that they were Liberal pilot projects, the best 14 weeks or working while on claim, and you guys have enhanced the programs. I want to tell the truth on this stuff and recognize that you've enhanced them. They're important programs and I want to recognize that.

That's two goodies, Joe.

The third one is the principle of what you're doing with the EI alerts. The principle is sound, and I think it's targeted at, probably, a large portion of EI recipients. But where it sort of falls short is in households that make under \$30,000 a year. In 2010, 40% of those households had no access to the Internet.

There was a figure that HRDC used to make available that they no longer make available, and that's the annual household income for the unemployed. We couldn't get that figure, but that would be a worthwhile figure. You don't know that figure, do you?

• (1610)

Hon. Diane Finley: No, I'm sorry.

Mr. Rodger Cuzner: No, and I wouldn't expect you to know that. Anyway, that's an important figure, and if we could get that from your officials, that would be a worthwhile figure to know.

Then you look at the next bracket: \$30,000 to \$50,000 a year in household income. There's 25% that doesn't have access to the Internet.

In looking at this, the \$21 million will address, probably, 60% to 70% of EI clients. There's a big gap there. There are probably 400,000 EI recipients that wouldn't have access to the Internet. My question is, with cutting CAP sites that were really accessed by those

who would need those services, how are we going to reach those people?

Hon. Diane Finley: First of all, I do acknowledge that the Liberals did bring in those programs. Despite the opposition that we faced from the Liberals during the recession about sticking with the variable entry requirements, we believe it is a responsible program. What we're trying to do is modernize these pilot projects and make them the same across the country, and fair to everyone.

Mr. Rodger Cuzner: Okay, but the 40%, how are we going to get at those 40% that don't have—

Hon. Diane Finley: One thing that often gets ignored in the discussion about the changes to the EI reforms is that in everything we do we want to be fair and reasonable, and base it on individual circumstances and the local labour market conditions. That includes access to Internet, as an example.

We're aware that not everybody has it, although we do—

Mr. Rodger Cuzner: Okay, so at least if this—

Hon. Diane Finley: Although 80% sign up for their EI—

Mr. Rodger Cuzner: With great respect, Minister, I have about three minutes left.

Hon. Diane Finley: —via the Internet.

Mr. Rodger Cuzner: Know it as a concern.

The EI processing hub in Kingston had been identified as a hub between 2005 and 2011. After the 2011 election, all of a sudden, North Bay has become a hub. There are 30 people employed in Kingston. They're going to be relocated or have the opportunity to be relocated to North Bay.

You have a hub in Sudbury. Does the department have a rationalization for why this change was made?

Hon. Diane Finley: Karen, would you like to address that?

Karen Jackson is the head of Service Canada.

Mr. Rodger Cuzner: Is it a formal presentation that you have as to rationalization?

Ms. Karen Jackson (Senior Associate Deputy Minister, and Chief Operating Officer for Service Canada, Department of Human Resources and Skills Development): When we considered the sites as hubs for the long term, we looked at a range of factors, including where our labour force was currently located and what kinds of skills we would need to be able to draw on from the local population. We considered bilingual capacity. We considered our leases in the real estate market. It was a range of factors that led to the choice of location where we are intending—

Mr. Rodger Cuzner: So would Kingston be low in bilingualism? And the fact that you're breaking a lease that has five years left on it in Kingston.... In my minute and a half left, I would ask you to write down what the rationalization is, because every way I've looked at it, it makes no sense.

The Chair: If you want to respond to that you can and your time will be up. So if you wish to respond, go ahead.

•(1615)

Ms. Karen Jackson: Well, it's just to say that the decisions were based upon the multitude of these factors coming together. So every single factor isn't considered on its own. It is bringing them all together.

Mr. Rodger Cuzner: Could you present us with a copy or a rationale as to how that decision came about?

Do I have time, Mr. Chairman?

The Chair: Your time is up. I think what we might do is come back to that question. I think we might have a bit of time. I don't know. We could maybe split it between the NDP and.... No? All right.

Pardon?

Ms. Chris Charlton: No, but we're happy to meet until 5:15.

The Chair: Sure.

Mr. McColeman, go ahead.

Mr. Phil McColeman (Brant, CPC): Thank you, Mr. Chairman.

Thank you, Minister, for taking your time today to be with us and to the other individuals who are in support of your being here.

I have a question about prevailing wages. But before I get into that question, I'd really like to give you a good example because I know you know my riding really well, being in the neighbouring riding, and some of the challenges my community has faced over the long term.

I had an experience recently with a contractor, who's a friend, who came to my office and told me about the fact that they had taken on a lot of restoration work. They needed 21 new workers, unskilled, who they were going to train in pointing masonry joints on older buildings, and they were trying to connect to the resources of those individuals who would be willing to take those positions. Their frustration was with just that. It was with the fact that all the methods they had undertaken to that point before coming to see me had been frustrating and had been unsuccessful in filling those jobs.

So there are two points I want to reinforce with the direction you're taking and compliment your ministry on taking these directions. One is removing disincentives from the system, so that people actually say, "That's a good paying job," which it is, and "I can learn at least a skill out of doing it." But the matching part of it is so important and I compliment you on addressing that.

The question I'd really like to pose, though, is about prevailing wages, because as both you and I know, there are a lot of temporary foreign workers who come into your riding and my riding, especially through the spring, summer, and fall seasons. I have noticed lately that there's a lot of misinformation circulating on the issue of temporary foreign workers, and in particular, how prevailing wages are calculated and how this new wage schedule will be applied.

Can you please clarify our government's new method for determining prevailing wages for temporary foreign workers and how these measures will help Canadian businesses ensure that labour and skills shortages do not stop Canada's economic recovery?

Hon. Diane Finley: The labour shortage and the skills shortage are attributed to a number of things, for example, demographics. The barriers that exist within EI that I discussed with the working while on claim are an example. So when we do bring in temporary foreign workers there is a requirement that employers first try to get Canadians, but if they can't do that, yes, we'll bring in temporary foreign workers. We want to make sure they're treated fairly.

In that past, though, they were paid based on the average wage of that job in that area. Now, for there to be an average, there has to be a high and a low above and beyond that on either side. Unfortunately, many of the people who came in didn't have all the experience in that. They might not have been average in their qualifications. They might have been at the bottom. But the employers were forced to pay the average wage, while Canadians, with the same qualifications, could have been getting much lower. So, unfortunately, employers were being forced to pay temporary foreign workers more in many cases than they were paying Canadians.

We also recognize that the geographic area may have a range of salaries within it. So they may not all pay at the average. They may, in that particular area, pay below. So we've built in some flexibility to say that if employers are bringing in temporary foreign workers, they have the discretion to pay up to 5% less for unskilled workers or up to 15%...for skilled workers, but only if Canadians are in that same pay rate.

So the temporary foreign workers aren't going to be reducing wages. They're going to be matching Canadians instead of being given preferential treatment over Canadians. That's fair. That's fair to Canadians. It's also fairer to the employers who were paying a premium for something they weren't getting.

•(1620)

Mr. Phil McColeman: Right.

In shaping the temporary foreign workers.... In this wage scheme, obviously in consultation, you would have received a lot of feedback from people who have relied on temporary foreign workers to sustain their businesses over time. Could you share with the committee any points of view that were shared with you in terms of these changes to EI—I'm not talking only about this particular change I've asked you about, but other changes to EI—that would incent Canadians to take some of those jobs?

During your consultation process, in some of the feedback you received from those business people operating in the agribusiness in your riding, in my riding, and in many others across Canada, are they giving you solutions to the fact that there are Canadians out there who could be performing these jobs but who are not taking them for some reason, and that we need to do a better job through EI to make sure that they have first dibs on those jobs?

The Chair: Thank you, Mr. McColeman.

Minister, if you would summarize and make the answer as short as you can, we could get one other questioner in.

Hon. Diane Finley: Short answer? Okay.

I've heard a lot of that—that the single biggest barrier has been when the unemployed worker says, “I can't afford to work for you. I'd have to do it for free.” That's why we made the changes to the working while on claim, to allow people to keep 50% of what they make above and beyond their EI.

I was speaking with a fellow recently who owned several hotels. He couldn't get people from his seasonal hotels to do the same job in his winter hotels, because they were on EI and it would have cost them money to go to work. He said he was delighted we were bringing the changes in. Now he'll be able to get the help he needs without the extra expense of temporary foreign workers.

The Chair: Thank you for that, Minister.

Ms. Charlton, you can use the time or share it, if you wish.

Ms. Chris Charlton: I'll be sharing my time with Mr. Lapointe.

I have one quick question about CMHC, especially in light of CMHC's really vital role in affordable housing and with respect to first nations housing.

Minister, you're probably aware that in the 2010-11 Public Accounts, CMHC reported \$247.7 million in lapsed funding for, and I quote, “Low-cost loans for new construction projects to eligible First Nations”. Because that seemed like such a huge amount, we followed up. We contacted the department, and we were informed that, quote, “...the amount of lapse should have been reported as \$16.3 million”—not \$247.7 million, but just \$16.3 million.

So an amount of \$231.4 million was put in this line when it should have been put under “Advances under the *National Housing Act*”. That's a quarter-billion dollar error.

Then we followed up with another question, and CMHC responded that they'd made another error two pages later, this time putting another \$208 million in the wrong line.

Now, given the role that CMHC plays in programs that are really vital to Canadians, I wonder if you just want to make a comment about how we can have any kind of confidence in how CMHC is managing a portfolio that's literally worth hundreds of billions of dollars.

Hon. Diane Finley: CMHC does play a significant role in our economy; as you say, it's hundreds of billions of dollars. Those two situations where the numbers were misreported are very unfortunate. Steps have been taken through the procedures within CMHC to ensure that this does not happen again, because it is not acceptable.

Karen, would you like to add anything?

Ms. Karen Kinsley: I can say that both those numbers are actually the same issue. It was misclassification from one category to the other. This is under non-budgetary funding, so these are loans and advances that are made to these groups. The non-budgetary total was correct in total, but we had misclassified between two lines.

As the minister has said, we regret and accept our error. We have put procedural improvements in place to ensure that those classification errors do not happen going forward.

Ms. Chris Charlton: I'd love to follow up, Mr. Chair, but I'm going to pass the time to Mr. Lapointe.

The Chair: Go ahead.

[*Translation*]

Mr. François Lapointe (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, NDP): Madam Minister, I must admit that I find your conclusions particularly presumptuous, when you say that, under the current employment insurance system, employers would not be able to find workers.

Are your conclusions based on the fact that local employment centres are unable to do the job, or on the fact that regional business people have a complete misunderstanding of the economy in their region? Why would it suddenly not work?

• (1625)

Hon. Diane Finley: It often happens that available positions do not appear in the job bank which is managed by my department. Yet this is one of the first websites unemployed workers turn to to look for jobs. The unemployed workers are not aware of which positions are available, and not the employers. Employers are looking for Canadians—

Mr. François Lapointe: You repeated several times that employers were not able to find workers. You said so in that order.

Hon. Diane Finley: That is very different. That is why we are going to help unemployed workers find out where the jobs are by informing them.

Mr. François Lapointe: Let's talk about the rural reality, that is, what is happening in the regions.

An employer has a hardware store, and knows that the maître d'hôtel, for example, cannot work at the hotel during the four winter months. He knows this, but he will not hire him at this point, simply because he does not see what use it would be to train the maître d'hôtel for two months, because he knows that this person will go back to the hotel, since he was trained for that kind of work. The maître d'hôtel will not work in the paint section of the hardware store for four years. It does not work that way.

So in that case, how do you think you can get around that unfortunate situation, which would disadvantage many employers in outlying areas, because the reality is different there?

[*English*]

The Chair: Thank you, Monsieur Lapointe.

I think we'll have enough time for the minister to respond to that, and then we'll conclude there. There's some committee business we need to do with respect to the estimates.

When you're done, Minister, that will be the end of your time.

Go ahead.

[*Translation*]

Hon. Diane Finley: Thank you, Mr. Chairman.

It is true that it could be difficult for some employers. However, you also have to think about workers. In my opinion, any worker would rather have a full-time job, rather than a part-time or seasonal one. So we want to help people find that kind of work. Then, we can help people find either part-time or seasonal work. It is a process, but we have to start with helping people find a job which corresponds to their skills.

[English]

The Chair: Thank you.

Thank you for that, Minister. We certainly appreciate your appearing, and the department officials as well.

[Translation]

Mr. François Lapointe: Mr. Chairman, I have a point of order before we finish the meeting. There is a mistake in the wording of the motion which was tabled yesterday.

[English]

The Chair: Before I consider that point of order, I've indicated that we're done with the questioning and there is a matter of committee business that we need to deal with.

Thank you for coming and we'll let you disperse, and then we'll deal with what we have before us.

An hon. member: Can we take a break?

The Chair: There will be no break. We'll just keep going.

We do need to deal with the estimates, but while we're dispersing, you raised a point of order with respect to your motion.

[Translation]

Mr. François Lapointe: In the French translation, the wording has rendered the motion unintelligible. I would like to officially correct the wording in the interest of avoiding confusion further down the line.

[English]

The Chair: You're dealing with your particular motion?

[Translation]

Mr. François Lapointe: In the final version, in the French translation, there is a word which prevents us from correctly understanding what the motion means. I would like to fix that problem.

[English]

The Chair: We'll come back to that when we finish with the estimates. We'll deal with that and make that correction.

Now with respect to the estimates, we have to vote on votes 1, 5, 10, 15, 20, and 25.

Shall vote 1, less the amount voted in interim supply, carry?

HUMAN RESOURCES AND SKILLS DEVELOPMENT

Human Resources and Skills Development

Vote 1—Operating expenditures.....\$617,650,000

(Vote 1 agreed to)

The Chair: Shall votes 5, 10, 15, 20 and 25 carry?

Human Resources and Skills Development

Vote 5—Grants and contributions.....\$1,761,017,000

Canada Industrial Relations Board

Vote 10—Program expenditures.....\$11,424,000

Canada Mortgage and Housing Corporation

Vote 15—To reimburse Canada Mortgage and Housing Corporation for the amounts of loans forgiven, grants, contributions and expenditures.....\$2,139,812,000

Canadian Artists and Producers Professional Relations Tribunal

Vote 20—Program expenditures.....\$1,879,000

Canadian Centre for Occupational Health and Safety

Vote 25—Program expenditures.....\$3,853,000

(Votes 5, 10, 15, 20, and 25 agreed to)

The Chair: Shall I report the main estimates 2012-13 to the House?

Some hon. members: Agreed.

An hon. member: No.

The Chair: It shall be done in any event.

Some hon. members: Oh, oh!

The Chair: By the way, just so you know, these would be deemed to be approved if we didn't approve them here today. Remarkably, as we carried on with questions—and certainly we dealt with what was in the budget implementation bill as well as the EI changes, which are not covered in these main estimates. They will be covered in the supplementaries, but it was far too interesting to have anyone interrupt.

Now, with respect to the point or order—

• (1630)

Ms. Chris Charlton: Sorry, Mr. Chair, while we're still on this, can I ask for a point of clarification?

At the last meeting we said that Minister Raitt wouldn't be able to be here for today. But Ms. Leitch said that she would come at another time, because she would be in the Senate today.

I know the estimates have to be reported back on May 31, but will we still have an opportunity to chat with the minister, in any event, despite the fact that we would have reported the estimates back? Is that your understanding from our conversation, as well?

The Chair: Do you want to respond to that?

Ms. Kellie Leitch: Yes. I've spoken to the minister's office about it, and I've asked them for dates.

The Chair: Good. You can report back to us.

Now we go back to Monsieur Lapointe.

The point of order you had was with respect to your notice of motion, and you wanted a word correction in the French—

[Translation]

Mr. François Lapointe: In French, there is a word which is difficult to understand. The motion reads as follows:

Que le Comité permanent des ressources humaines, du développement des compétences, du développement social et de la condition des personnes handicapées entreprenne une étude sur les répercussions régionales et nationales pour les employeurs et pour les travailleurs canadiens des changements au système d'assurance-emploi.

We need to insert a comma, as is the case in English, before the word “*pour*” and after the word “*canadiens*”. We also need to replace the words “*des changements au système d'assurance-emploi*” by “*dues aux changements au système d'assurance-emploi*”. Otherwise, in the French version, you cannot understand how the complement is linked to the word it completes.

[English]

The Chair: Is there any objection to that happening?

Mr. Butt, did you have a comment?

Mr. Brad Butt (Mississauga—Streetsville, CPC): Mr. Chairman, I have a question of clarification. I'm kind of new at this notice of motion stuff.

Given the fact that it's been recirculated today with a change in both official languages, would it not then be a notice of motion today that the committee would have to...? In other words, it's a notice of motion today, and in 48 hours we would deal with it, at the next meeting. I know the committee is travelling next week. So would it not be appropriate to deal with this motion when we are back?

I don't know how that works. But it seems to me, because it has been changed now in both official languages, that it is a new notice of motion, as far as I can read it. Therefore it needs the appropriate notice period before the committee deals with it.

My recommendation is that it not be dealt with until the Monday we're back after the next week, when the committee is travelling.

The Chair: Just so you're aware, Mr. Butt, he's not suggesting that we deal with the motion right now. He wants to simply amend the French version by adding one word to make it accord with—

Mr. Brad Butt: But we're not dealing with it today?

The Chair: No, we're not dealing with it today.

Mr. Brad Butt: That's fine.

The Chair: He just wants to put us on notice that he would like that motion amended, I guess, to include that. Eventually he will raise it, which will be 24 hours or more down the road, because we're not meeting for that length of time, in any event. We'll be on the road.

With that, do we have the consent for that motion to be amended in accordance with the proposed word that you wish to insert? Are we clear on that?

[Translation]

Mr. François Lapointe: You have to write “*dues aux changements*” rather than “*des changements*”. In English, you understand “*on the changes*”, but in French, you cannot understand what it means, because it does not apply to the object.

[English]

The Chair: What's the change *en français*?

[Translation]

Mr. François Lapointe: Before the word “*changements*”, you have to remove the word “*des*” and replace it with “*dues aux*”.

[English]

The Chair: All right. I think that's clear enough.

Is there anybody opposed to that? If not, we will consider it amended as such. When it comes up for debate, it will be debated with that amendment.

Is there anything further? If not, we'll adjourn.

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