



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

43rd PARLIAMENT, 1st SESSION

Standing Committee on Finance

EVIDENCE

NUMBER 050

Wednesday, August 12, 2020

Chair: The Honourable Wayne Easter



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• (1505)

[English]

The Chair (Hon. Wayne Easter (Malpeque, Lib.)): I will officially call the meeting to order.

Welcome to meeting number 50 of the House of Commons Standing Committee on Finance. This is panel number one of three today.

We are meeting on government spending, the WE Charity and the Canada student service grant.

Today's meeting, the main part, is taking place by video conference, and the proceedings will be made available via the House of Commons website.

I'd like to welcome our two witnesses for this panel. First, by teleconference, is the Minister of Employment, Workforce Development and Disability Inclusion. Welcome, Minister, all the way from Delta, B.C., I gather.

From the Department of Employment and Social Development, we have Benoît Robidoux, associate deputy minister.

Welcome to you both.

Minister, if you could keep your opening comments fairly tight, certainly no more than 10 minutes, that would be helpful. Then we'll go to questions. The question round will start with Mr. Poilievre, and then Ms. Dzerowicz, Mr. Fortin and Mr. Julian.

Minister, welcome, and thank you for being here.

Hon. Carla Qualtrough (Minister of Employment, Workforce Development and Disability Inclusion): Thank you very much, Chair.

Good afternoon, everyone.

I'd like to begin by thanking the committee for allowing me to participate by telephone. This allows me to use my accessibility software and participate in a more meaningful way while having the chance to refer to my speaking remarks.

I'm hopeful that my participation today will be helpful. It's my understanding that your committee—

The Chair: Minister, we just lost you. We can barely hear you.

Hon. Carla Qualtrough: Oh, dear.

The Chair: I don't know whether you moved away from the mike.

Hon. Carla Qualtrough: I didn't mean to.

Is that better?

The Chair: No.

Hon. Carla Qualtrough: Oh, really? I don't have a—

Ms. Elizabeth May (Saanich—Gulf Islands, GP): Mr. Chair, I have a point of order. I have no trouble hearing the minister at all.

The Chair: I can't hear you, Elizabeth, either.

Ms. Elizabeth May: That's interesting.

Hon. Carla Qualtrough: I can hear her.

Ms. Elizabeth May: And I hear her.

Hon. Pierre Poilievre (Carleton, CPC): Wayne, I think you might be the problem.

The Chair: What am I?

Hon. Pierre Poilievre: You might be the problem.

The Chair: How am I the problem?

Hon. Pierre Poilievre: Everyone else hears just fine.

Mr. Peter Julian (New Westminster—Burnaby, NDP): I can't hear. Wayne is not the only one. I can't hear her, and I couldn't hear Elizabeth May, but I can hear Wayne very well, and I can hear you, Pierre.

The Chair: There's something funny about the system. When people talk, I see two pictures of Peter Julian. One of him is enough—thank you, Peter—and I see two pictures of me. One of those is enough, too.

• (1510)

Mr. Sean Fraser (Central Nova, Lib.): I think Pierre just wants a chance to get in the chair again.

The Chair: Try again, Minister, and we'll see where we are.

Hon. Carla Qualtrough: Thank you.

I'm hopeful that my participation can be helpful. It's my understanding that your committee is reviewing the Canada student service grant—

The Chair: Can any of you hear her? Peter Julian can't. I know I can't.

Ms. Elizabeth May: I can hear her when I take my interpretation to background and take it off a language channel. I think the problem is that when you go on English or French, you can't hear her. If you go to pure background, you can. I've heard everyone so far, and I'm sure you've heard enough from me.

[Translation]

Mr. Rhéal Fortin (Rivière-du-Nord, BQ): I can also hear her clearly when the interpretation system is off. Everything is fine then.

[English]

Hon. Carla Qualtrough: I'll wait for your instructions, Chair. I don't know what to do about that.

The Chair: All right. Start again, Minister. We'll give it another go.

I'll take my translation off too, but it's a problem.

Hon. Carla Qualtrough: I'm hopeful, for the third time, that my participation today can be helpful.

I'll begin by noting that while I am the lead minister for ESDC and responsible for a number of the emergency support measures for students, the Minister of Diversity and Inclusion and Youth was responsible for the CSSG. Both our mandate letters touch on support for young Canadians. In the case of the Minister of Diversity and Inclusion and Youth, she was charged with leading the development of a signature national youth service program within the Canada Service Corps. This was to allow youth to gain skills and leadership experience while making a meaningful difference in their communities.

From that point on, ESDC officials reported directly to Minister Chagger with respect to the Canada Service Corps. While we share officials, I've not been involved in Minister Chagger's files during the pandemic, nor has she been involved in mine.

Within our cabinet there are five ministers with responsibilities under the ESDC portfolio. Authorities and responsibilities have been assigned. Given the legal structure of the department, this has meant specific orders in council and delegations of authorities to my cabinet colleagues.

In this time of pandemic, the pace and breadth of decision-making has been beyond compare. As Minister of Employment, I've been at the centre of our pandemic response. For months, our cabinet COVID committee met day after day to plan and implement our emergency response. Cabinet was also meeting regularly for many hours at a time.

Let me be clear: These were not normal times, and continue to be not normal. On any given day, we were making decisions that ranged from border closures to PPE distribution to whether we should be sending our military into our long-term care facilities. My own responsibilities included the CERB, Canada summer jobs, temporary foreign workers, disability support and various student measures.

Specifically with respect to young people and students, we heard very clearly that they were facing a summer without many job prospects and the real possibility that they may not be able to afford to go back to school in the fall. They needed income support, increased student loans and grants, and jobs. They also wanted opportunities to help out in their communities.

We wanted to help. We began on March 18 by announcing a six-month moratorium on Canada student loan payments. On April 8

we announced changes to the Canada summer job program to allow for additional employers to come on board and to maximize the opportunities for both students and employers through flexibilities in the program. On April 22 we announced a \$9-billion package of student measures that included direct income support to students, job creation, service opportunities, enhancements to the Canada student loan and grant program, and more.

A number of ministers were leading these various initiatives. I had responsibility for the Canada student loan program, the CESB and youth employment. The Minister of Innovation, Science and Industry was the lead on the support through the NRC, Mitacs, post-secondary student fellowships and research councils. The Minister of Indigenous Services was the leader on the distinctions-based support for first nation, Métis and Inuit students. The Minister of Immigration, Refugees and Citizenship was responsible for international students. The Minister of Diversity and Inclusion and Youth was responsible for the Canada student service grant, for the "I Want to Help" portal and for the Canada Service Corps.

After the April 22 announcement, we rolled up our sleeves and set about delivering on the measures within our respective portfolios. There were many details to be worked out and further decisions to be made. For my part, I was focused on the student loans and employment and benefit measures. This was a big piece of work, and it included new legislation and regulatory changes.

I had no involvement in the fleshing out of the details related to the CSSG. While I knew the CSSG program parameters, I first learned that WE Charity was being recommended to deliver the CSSG on May 5 as I was preparing for the COVID cabinet committee meeting that same day when the proposal was being discussed. I understood the purpose of the CSSG to be to provide young people with meaningful opportunities to serve in their communities and to assist the non-profit sector with some much-needed capacity. I saw how the CSSG had the potential to interact well with the other student measures we announced.

Given the speed, scope and scale of the program, I agreed with the recommendation to have a third party deliver the CSSG. As the minister for ESDC, I knew just how stretched the public service was and what their workload could or couldn't handle. At ESDC it's common to fund non-governmental organizations to deliver government programs and to help individuals access government programs. This is particularly so when wraparound, ongoing support is provided directly to individuals.

• (1515)

Take the Canada summer jobs program, for example, which, it has been suggested, could have delivered the CSSG. The Canada summer jobs program is a very successful job creation program. Every year we set objectives, assess jobs against those objectives, fund the opportunities that best meet those objectives and advertise these jobs. ESDC doesn't work with individuals to apply for these jobs or succeed in these jobs. Public servants do not onboard, train or mentor the young people who get these jobs.

The organization that would deliver the CSSG program would be tasked with the screening, onboarding, training and mentoring of young Canadians during these important summer months. They would also track volunteer hours and distribute grants.

Following the COVID cabinet committee meeting on May 5, I can confirm that the CSSG proposal was scheduled to be on the cabinet agenda on May 8, but was taken off. I was not involved in any discussions about why this was pulled from the agenda and the Prime Minister's request for more due diligence, as this wasn't my file.

As you can appreciate, I can't share the content of the May 22 cabinet discussions about the CSSG and WE due to cabinet confidentiality. As you know, cabinet decided to proceed with the recommendation to enter into a contribution agreement with WE to deliver the CSSG.

What I will say is that at the time of the cabinet discussion, I knew the Prime Minister and Sophie Grégoire Trudeau had previously appeared at WE events, and I considered this to be a well-known fact. They had both been advocates for youth leadership and youth empowerment for years. I had no prior knowledge of Margaret or Alexandre Trudeau's association with WE, nor did I know about Minister Morneau's daughters' involvement with WE.

Personally, I have spoken at one WE charity event, which was in November of 2016 in Vancouver. I spoke to thousands of young people about the power of inclusion and the everyday choices they can make to ensure that no one is left out, in particular people with disabilities. I was not paid for this appearance and claimed no expenses.

I will conclude by stating again that the CSSG was intended to be an innovative way to provide supports for students, non-profits and communities, and Canada needs bold ideas and innovative solutions more than ever. While WE Charity is no longer delivering the program, we remain as committed as ever to supporting young Canadians.

Thank you.

The Clerk of the Committee (Mr. David Gagnon): Mr. Chair, I'm sorry to interrupt.

The interpretation services stopped for a while. I think there was some issue with the sound.

Maybe, Minister, if you could try to talk a bit more slowly, it would probably help the interpreters.

Hon. Carla Qualtrough: I will, for sure. Thank you.

The Chair: Thank you.

Yes, I'm having trouble. When I put my interpretation on English, Clerk, I couldn't hear the minister, so I took it off. In any event, there may be some technical issues.

Thank you for keeping that so tight, Madam Minister.

We will start the first six-minute round with Mr. Poilievre, followed by Ms. Dzerowicz.

Mr. Poilievre, the floor is yours.

Hon. Pierre Poilievre: Mr. Robidoux, when was the first conversation after March 1 and before April 22 in which you heard WE mentioned in any of your conversations with members of the government?

Mr. Benoît Robidoux (Associate Deputy Minister, Department of Employment and Social Development): Mr. Chair, the first time was not in a discussion. It was mentioned in an email from Rachel Wernick to Michelle Kovacevic at the Department of Finance, where—

• (1520)

Hon. Pierre Poilievre: What was the date?

Mr. Benoît Robidoux: It was April 16. At that time it was not in the context of the Canada student service grant, because that concept did not exist at that time. It was in the context of some other proposal we were working on for volunteering.

Hon. Pierre Poilievre: After March 1, when was the first time you heard WE or the Kielburgers mentioned in your communications with ministers or their staff?

Mr. Benoît Robidoux: With ministers and with staff, with regard to all the ministers, or any, for sure there was no mention of WE with any ministers, and I think there was no mention in verbal discussion of WE with any political staffer.

Again, it was raised only once. That was in an email between me and the office of Minister Qualtrough, and it was in the context of something else.

Hon. Pierre Poilievre: Between March 1 and April 16, were WE or the Kielburgers ever mentioned in communications you had with your deputy minister?

Mr. Benoît Robidoux: Was that March 1 to April 16?

Hon. Pierre Poilievre: Yes.

Mr. Benoît Robidoux: Let me check.

No, not to my recollection.

Hon. Pierre Poilievre: In any of the communications that you had between March 1 and April 16, were WE or the Kielburgers ever mentioned in your communications with the PCO?

Mr. Benoît Robidoux: I really don't believe so.

Hon. Pierre Poilievre: Have you ever spoken to anyone in the WE organization?

Mr. Benoît Robidoux: To my knowledge, no.

Hon. Pierre Poilievre: According to Michelle Kovacevic, there was an April 16 call, and I'm going to read her transcript. She says, "According to my records, the first mention of WE, to me, was on April 16th." She also says, "On that call, on April 16th, it would have been Rachel Wernick and also the associate deputy minister." That's you.

She says that was the first time she ever heard WE mentioned in the COVID context.

Was it you or Rachel Wernick who mentioned WE in that April 16 call?

Mr. Benoît Robidoux: Again, I will return to the April 16 email between Rachel Wernick and Michelle Kovacevic. I was cc'd on it. WE was mentioned in it. After that email there was an agreement to get together and have a call at noon. We had that call at noon. We continued the discussion from that email about what was possible and not possible to do for volunteering. I could not tell at that meeting who mentioned WE.

Hon. Pierre Poilievre: So it was an email from WE.

Mr. Benoît Robidoux: No.

Hon. Pierre Poilievre: Sorry. It was an email about WE.

Mr. Benoît Robidoux: It was an email from Rachel Wernick to Michelle Kovacevic, answering one of her questions about volunteering, and WE was mentioned in it. It was clearly not the core of the email. It was mentioned in passing.

Following that email, or that exchange of emails, they agreed that we should get together in a call. We did get together in a call at noon, the call you're talking about, that Rachel—

Hon. Pierre Poilievre: That's where you began.... That was the first time you heard discussion that WE might deliver the student service grant.

Mr. Benoît Robidoux: Absolutely not. As I said, it was about something else. It was all about... At the time, we were working on the Canada Service Corps proposal. We were thinking about more for volunteering, and we started, not too long after that, to work on the "I Want to Help" platform that was built here at ESDC.

Hon. Pierre Poilievre: So—

Mr. Benoît Robidoux: The idea there, if I could finish my answer, was to use WE or some huge organization like WE out there, a not-for-profit, that could make sure that the "I Want to Help" platform would be known by the youth in Canada through social media.

• (1525)

The Chair: This is your last question, Pierre. Please keep it fairly tight.

Hon. Pierre Poilievre: In that call, was the Canada student service grant mentioned?

Mr. Benoît Robidoux: These terms were never mentioned in that call, I'm pretty sure.

Hon. Pierre Poilievre: No, not the terms—the program.

Mr. Benoît Robidoux: No, the program was not yet existing at that time in the form that we knew it when it was launched.

The Chair: Okay. You'll have another round anyway, Mr. Poilievre.

We're going to Ms. Dzerowicz, followed by Mr. Fortin.

Ms. Julie Dzerowicz (Davenport, Lib.): Thank you so much, Mr. Chair.

I want to say a huge thank you to you, Minister Qualtrough, as well as Associate Deputy Minister Benoît Robidoux, for joining us today. In addition, Minister, I just want to say a huge thanks to you for your extraordinary work and leadership in supporting Canadians over these last few months as Canada is trying to find its way through this unprecedented pandemic.

Since the lockdown, our federal government has put out 70 emergency programs at a cost of over \$200 billion. In your opening remarks, you mentioned that on April 22, we announced a \$9-billion program. It included four key programs. One of them was the Canada student service grant, but there were three other big programs that you were in charge of: the Canada emergency student benefit, the creation of up to an additional 116,000 jobs, and adjustments to the Canada student loans and grants program. I know that students were also able to stack up these programs as well.

I'm mentioning all of this because I think there might be some confusion in the public that if we're not offering the Canada student service grant, there's no support out there for students. Indeed there is support. The Canada student service grant was only up to \$900 million, and all the student support is \$9 billion.

My question to you, Minister, is this. Can you give us a sense of the success of the other programs, particularly the three that you oversaw, and how they have supported and benefited students?

Hon. Carla Qualtrough: Thank you for the question.

Let me give you some quick numbers on the emergency student benefit support.

We've helped 682,722 unique applicants, so 682,000 young people have accessed the CESB. We've had 1.8 million applications. Of those, 1.5 million were at the \$1,250-per-month mark, and 303,000 were at the \$2,000-per-month mark. We've paid out about \$2.5 billion under this program alone. We have created tens of thousands of jobs.

Let me speak directly to that, because I didn't do as good a job yesterday as I could have at the other committee at explaining how these measures are a comprehensive package and how, indeed, they are stackable.

In other words, students have access to a number of the measures. A student who can receive the CESB, which is \$1,250 or \$2,000 a month, can also get a larger Canada student loan when they go back to school in the fall, and that same student may have their existing student loan payment put on hold because of the moratorium. Additionally, that student can earn up to \$1,000 per month and still get the CESB. Finally, under the CSSG, they could have accumulated volunteer hours, earning a grant of up to \$5,000 in the fall.

It's important to appreciate that a student receiving the CSSG would have also been able to access the CESB, so a student earning \$5,000 over four months through the CESB, or \$8,000 if they had dependents or a disability, could have earned an additional \$5,000 through the CSSG. They could have received either \$10,000 or \$13,000 between the two, plus additional allowable earnings of \$4,000.

I think that's what maybe is being missed here. This was a comprehensive package. A student could access the CESB, but then, instead of staying home, could go and volunteer and earn volunteer-hour credits towards the CSSG.

What we'd heard from student groups was that they wanted comprehensive measures, a package, and that's what we delivered to them, but I think we tend to speak about them in isolation, as if they don't relate to each other. Perhaps we need to do a better job of really explaining how stackable they are.

Ms. Julie Dzerowicz: Thank you for that.

I want to turn to the Canada summer jobs program. The Canada summer jobs program is hugely popular in my riding of Davenport, and I know it is popular in ridings right across the country. It has honestly been a lifeline for many non-profits and small businesses.

The opposition has been talking quite a bit about how the Canada student service grant could have been offered through the Canada summer jobs program. With the Canada summer jobs program and the larger youth employment and skills strategy up and running, why did our federal government also introduce the Canada student service grant? What was the intention of it as part of the larger support package for students?

• (1530)

Hon. Carla Qualtrough: I've tried to be as clear as possible on this point. I firmly believe these two programs have different objectives and are delivered in very different ways.

The first one, the Canada summer jobs program, absolutely can be and is successfully delivered by the public service. It makes sense. We're in the business of providing this kind of program. Remember that at the same time there were massive public service breadth issues, bandwidth issues. We had been asking them to do so very much at that time, and they were doing it. They were doing the CERB, they were developing the CESB, and they were preparing for the seniors benefit. I could go on and on about my department alone.

The CSSG was different. It was about supporting students. It was about recognizing that non-profits were stretched, and as much as one can say that a non-profit had capacity, many of them didn't.

Many of them said it's not as simple as giving us money for people. They said they didn't have the capacity to train people, to oversee them, and as many jobs as we created, there were not going to be enough jobs.

As I said, we thought that with the student benefit we could provide an opportunity to volunteer, but we needed a third party to deliver that program, as we do through YESS, the youth employment and skills strategy program. We regularly fund third party organizations through the YESS program on a much smaller scale to help young people find jobs. We were looking for a third party to help young people connect with volunteer opportunities and to support them through the entire experience, right through to providing them with a grant.

Ms. Julie Dzerowicz: Thank you.

The Chair: You'll have to wrap up a question and an answer in 30 seconds.

Ms. Julie Dzerowicz: Very quickly, there have been a lot of comments about how the public service could have delivered this program.

In your opinion, could the public service have done so, and if not, can you elaborate on why not?

Hon. Carla Qualtrough: First of all, I have the utmost respect for the public service and mean them no disrespect when I say that we were stretching them to the limits. Remember, they were working from home. They had their kids at home. They were getting sick. They were living these pandemic realities as individuals, as we all were. In my opinion, coupling the bandwidth issue with "this isn't our regular type of business" meant that it was much more effective to deliver through a third party, as we did with the emergency community support fund, the women's shelters fund and others.

The Chair: Okay, thank you, both.

We'll turn to Mr. Fortin, who will be followed by Mr. Julian.

Go ahead, Mr. Fortin.

[*Translation*]

Mr. Rhéal Fortin: Thank you, Mr. Chair.

Madam Minister, thank you for being with us today.

When you were involved in discussions about WE Charity, were you aware that the entity with which the government had entered into an agreement was not WE Charity, but the WE foundation?

[*English*]

Hon. Carla Qualtrough: I did not know that distinction, no.

[*Translation*]

Mr. Rhéal Fortin: Okay. Now you do know.

When did you learn that the agreement was going to be with the WE foundation?

[English]

Hon. Carla Qualtrough: I learned only through the media and only after much discussion was had about this file and the way it had been handled by our government.

[Translation]

Mr. Rhéal Fortin: Okay. So you heard about it in the news. Was it in July or August? Can you specify when you heard?

[English]

Hon. Carla Qualtrough: Probably in July, yes. I, for example, knew the contribution agreement was signed, I think, on June 23. I did not know at that time the actual legal entity that we were entering into agreement with, but I wouldn't. It wasn't my file, and it was after that. It was subsequent to that.

[Translation]

Mr. Rhéal Fortin: However, as Minister of Employment, Workforce Development and Disability Inclusion, you were an interested party all the same.

Am I mistaken, Madam Minister?

[English]

Hon. Carla Qualtrough: It wasn't a contribution agreement that I would have eyes on in my ministerial capacity, because it wasn't my file. Minister Chagger, as of March 6, I believe, by order in council, was an ESDC minister. She signed the contribution agreement. She had the legal authority to do it. It wasn't my agreement to sign.

• (1535)

[Translation]

Mr. Rhéal Fortin: Okay, but once you learned that it was the WE foundation, did you ask Minister Chagger or anyone else in the cabinet about it?

[English]

Hon. Carla Qualtrough: I think I had conversations with my staff about it, but as I said yesterday regarding my attribution of WE Charity and the WE Charity Foundation, I personally saw no distinction. I attributed the track record and history of the WE Charity to this other legal entity and was still of the opinion that they could have delivered this program.

[Translation]

Mr. Rhéal Fortin: I understand, but it is not the same entity. It is a separate shell company, a different company. You mentioned the financial track record, but the WE foundation had none.

For instance, did you check whether the founders of the WE foundation personally guaranteed the foundation's obligations or whether some other guarantee existed to ensure that the funds granted to the foundation were well protected? Did you check into that?

[English]

Hon. Carla Qualtrough: I was not involved in the file to that level of detail. I wasn't a party to any of the discussions around who

would be the entity signing. That was completely within the lane of Minister Chagger.

[Translation]

Mr. Rhéal Fortin: If I understood your answers from yesterday correctly, you also did not read a due diligence report on WE Charity or the WE foundation.

To your knowledge, did anyone else in the cabinet check into the guarantees provided by the WE foundation?

[English]

Hon. Carla Qualtrough: Let me clarify. When I received the briefing at the cabinet committee, I was briefed on the recommendation, and there were no flags with respect to the public service's recommendation. Certainly, every other minister at that table had the same or a similar briefing and the same information in front of them. I wouldn't want to suggest at any point that we collectively didn't do our own homework preparing for these meetings. We knew what we were approving, and we completely deferred to the recommendation of the public service.

[Translation]

Mr. Rhéal Fortin: How can you say that you knew what you were doing if you were not even aware that your contact, the one signing the contract, was not WE Charity, contrary to what you were told?

You were misled in cabinet. It was not WE Charity. It was the WE foundation. They are two completely separate organizations, with separate assets, liabilities and officers. So you were misled.

How can you tell us that you knew what you were doing and that you approved it all? After all, you never approved the WE foundation.

[English]

Hon. Carla Qualtrough: Again, I wasn't privy to that level of detail. I was confident in—

[Translation]

Mr. Rhéal Fortin: It is not a detail.

[English]

Hon. Carla Qualtrough: Well, it's how I experienced it. I was briefed on the recommendation of WE Charity, and I supported that recommendation based on the background work that the public service had done.

The Chair: This will be the last question, Mr. Fortin.

[Translation]

Mr. Rhéal Fortin: Thank you, Mr. Chair.

Madam Minister, I understand and respect your testimony, but it is not a detail.

You were told that you were going to send \$43.5 million to a company to administer a \$900-million program and you were told not to worry, because that company was WE Charity, when in fact it was another company. I don't consider that a detail.

Were you not shocked when you learned that you had been misled? No further due diligence requests were made?

[*English*]

Hon. Carla Qualtrough: As I said, I spoke with my own team about this. I also deferred to the Minister of Finance, the officials at finance, the rigour of Treasury Board oversight on this and the due diligence that the public service did. This was very well prepared and thought through. I have every confidence that people did their homework and that all of these teams had eyes on this level of detail. I did not.

The Chair: Thank you both.

Mr. Clerk, I don't know if I'm the only one, but the only way I can hear the minister is when I toggle English to "Off". When I'm hearing French, I have to toggle back and forth between "Off" and the English interpretation. I hope nobody else has that problem, but it's something we should look into for the next panel.

With that, Mr. Julian is first, followed by Mr. Poilievre.

• (1540)

Mr. Peter Julian: Thanks very much, Mr. Chair.

Thank you, Minister Qualtrough, for your presence here today. You made important comments yesterday. You stated that the government had dropped the ball and that there was no excuse or justification for the decision. I think those are appropriate comments.

Given the Prime Minister's comments about the due diligence that was supposed to take place, when did you become aware of the clear appearance of a conflict of interest with the Prime Minister's family and with the Minister of Finance, his family and his travel history?

Hon. Carla Qualtrough: I'm not being difficult, but as I mentioned, I knew the Prime Minister and his wife had spoken at WE events. I didn't know any further detail about that until after the announcement on June 25.

Mr. Peter Julian: Thank you for that. So you were unaware.

The issues that have come up as a result of this decision are myriad. The clear concerns that have been raised are the probable violation of minimum wage laws, the probable violation of labour standards and the probable violation of teachers' codes of ethics across the country. All of these have been raised as massive concerns around this scandal.

Minister, first, when did you become aware of the fact that minimum wage laws, labour standards and teachers' codes of ethics had not been examined? Second, if this had gone through your ministry, what would you have done to vet this program to ensure that these violations didn't take place?

Hon. Carla Qualtrough: Those are really important questions.

First, let me contextualize this. Again, yesterday I failed to make the connection sufficiently between the student benefit and the

CSSG. We knew students could get \$5,000 to \$8,000 of student support in addition to the \$5,000 they could get. We really saw this as a suite of measures. In fact, some of the criticism around the amount of the initial student benefit was about why it wasn't as generous as the CERB. Our response, and my response, was that students have access to other financial measures, such as the CSSG.

In terms of your specifics around labour laws, Benoit may be a better person to ask about that from a due diligence point of view. I'm not sure I should speculate on how I would have personally handled this file. Certainly we all have our own approaches to things, so I prefer not to comment on how a colleague managed a file or how I would have, without all the information. I just don't have enough information to speculate fairly.

Mr. Peter Julian: Okay, but what you're saying is that you were unaware of these things until they came out in the media.

Hon. Carla Qualtrough: Yes.

Well, what I will say is that I was satisfied that we were addressing any perception that people weren't being paid enough by the student benefit piece coupled with the CSSG. However, I was also very comfortable with providing volunteer opportunities, and I know others aren't.

Mr. Peter Julian: I think you can understand that when people hear your responses and the responses of other ministers, it is not clear that people knew what they were approving when cabinet actually approved this.

Now, were you aware, prior to the decision, of the financial problems that WE Charity was having, and the fact that their board...? Certainly, we've heard testimony from the chair of the board of directors. The board has effectively been fired. Were any of those facts brought to mind before the decision?

Hon. Carla Qualtrough: I was not.

Mr. Peter Julian: Was there any discussion about the ability of WE to provide services in French? As I'm sure you're aware from media reports, that was going to be farmed out to a company with strong historical links to the Liberal Party, which compounds the scandal, of course. Were you aware at all of the fact that the charity could only provide services in English and wouldn't be able to provide services in Quebec?

Hon. Carla Qualtrough: Well, of course, I can't discuss what was discussed at either the committee or cabinet, but I was confident in my support for the recommendation that this program was going to be delivered in both official languages in all provinces and territories. That's something I personally looked for, and I was satisfied with the level of information I had that it would happen.

• (1545)

Mr. Peter Julian: However, the discussion about farming this out to a company that has historical links to the Liberal Party was not something that came up. Therefore, you didn't know the how. You just felt that there were sufficient assurances that the program would be offered in both official languages.

I have a—

The Chair: This is your last question, Peter.

Mr. Peter Julian: I have a final question, which is that WE, traditionally—and you would know this, having spoken at one of its events—works predominantly with high school students, not with university students. Did that issue ever come up? We've raised the violation of the codes of ethics of teachers across the country, but WE and the CSSG simply don't mesh in terms of the clientele, who would, largely, have been at university.

My final question is about the president of the Public Service Alliance of Canada, who testified here that the public service could and should have provided the program. Was there any consultation with the president of the Public Service Alliance before this decision was made?

Hon. Carla Qualtrough: There were a bunch of questions in there.

To your very last question, I wasn't involved in any discussions. I don't know if other ministers or the lead minister on this was. As I said yesterday, I respect the desire for public servants to dig in and deliver everything. My assessment was that we had reached their capacity, that their bandwidth was already being stretched.

In addition, I had seen us deliver, successfully, programs through third parties, so this wasn't extraordinary. It wasn't an “only because public servants couldn't do this” way. This was very much because this was really the best way to do this, in my opinion, through a third party that could give the individualized, almost concierge-like support, to young people and to organizations.

The Chair: Thank you both.

We'll go to five-minute rounds now. We'll start with Mr. Poilievre and then go to Mr. Fragiskatos. We may have time for a third CPC question in here later, if somebody wants to think about it. I don't have them on my list.

Mr. Poilievre, you have five minutes.

Hon. Pierre Poilievre: Mr. Robidoux, was it just you, Ms. Wernick, and Ms. Kovacevic on the April 16 call or meeting?

Mr. Benoît Robidoux: I will have to get back to you on that. I don't know that. I would think there were more people on the call, but I couldn't tell you who was on the call.

Hon. Pierre Poilievre: Would there have been any exempt staff on the call?

Mr. Benoît Robidoux: No, not at that time.

Hon. Pierre Poilievre: Would that call have been recorded?

Mr. Benoît Robidoux: I don't believe so.

Hon. Pierre Poilievre: All right. Then there was another meeting on the 18th with Madam Kovacevic and Madam Wernick. Were you involved in that meeting?

Mr. Benoît Robidoux: I was. I was invited. In fact, I wasn't sure I was there on the call, and I checked my phone. I asked to have my phone log checked, and I was on that call.

Hon. Pierre Poilievre: Ms. Kovacevic said that it was Ms. Wernick who suggested WE, and then Ms. Wernick said it was Ms. Kovacevic. Do you remember who actually made the suggestion to involve WE in the delivery of this or any other program?

Mr. Benoît Robidoux: Again, I would say to that question that on that call there was no question about that program and involving WE in the delivery of that program, because that program was not yet designed. It was in the context, as I said, of the rest of the package, about the “I Want to Help” platform, and then—

Hon. Pierre Poilievre: Did you suggest to Ms. Wernick that she contact Mr. Kielburger?

Mr. Benoît Robidoux: As far as I can remember, she herself said in an email that she was going to get in touch with WE. That's in the documents you will get. It's in the email. She said that in the email. As for that specific meeting on the 18th, I have no specific recollection of who said what to whom.

Hon. Pierre Poilievre: Did you ever hear it mentioned that ministerial staff were interested in engaging WE for any purpose after March 1?

• (1550)

Mr. Benoît Robidoux: No, I didn't hear that at any time after March 1, that specific question, but the fact they would be interested in contacting them, no, not.... Well, again you may.... I need to be careful here, because there was a first proposal, the social entrepreneurship proposal for youth, which was with Minister Ng, but in the context of the measure we're looking at, no.

Hon. Pierre Poilievre: Were you aware that the CSSG was pulled from the cabinet agenda on May 8?

Mr. Benoît Robidoux: I think I was told by Rachel that the item was pulled, that she was—

Hon. Pierre Poilievre: What due diligence did your department conduct between May 8 and May 22?

Mr. Benoît Robidoux: I never had the chance to do any remarks at the beginning, but after April 22 I was no longer involved with that file, because the file was handled by Rachel for Minister Chagger under the direction of the senior associate deputy minister, Gina Wilson, at the Department of Canadian Heritage. I was no longer involved after that.

Hon. Pierre Poilievre: You had no involvement in the period that followed.

Mr. Benoît Robidoux: I had no direct involvement after April 22.

Hon. Pierre Poilievre: All right.

Now I have a question for the minister. You've had 24 hours to check and find out whether WE has given back the full sum that your department gave WE in the first instance. Is the money back in the hands of your department, yes or no?

Hon. Carla Qualtrough: What I have learned is that ESDC is in the process of terminating the agreement with WE, and the discussions are ongoing—

Hon. Pierre Poilievre: Is the money back?

The Chair: Just let her answer, Mr. Poilievre.

Hon. Carla Qualtrough: As the minister, it is not my file. I'm not the lead. Minister Chagger has said today that WE intends to pay all the money back. I understand that as part of the negotiations for the termination of the agreement, the department has outlined to the WE Charity Foundation the process for how they should repay the funds, but it is not—

Hon. Pierre Poilievre: So we don't have the money back.

Hon. Carla Qualtrough: —I don't have that level of detail. I can't say—

Hon. Pierre Poilievre: When will they have their money back?

Hon. Carla Qualtrough: I can't say either way—

The Chair: This is the last question—

Hon. Pierre Poilievre: Excuse me. My question is very simple. When will taxpayers get their money back? When?

Hon. Carla Qualtrough: I don't have that detail.

Hon. Pierre Poilievre: It's not a detail. It's a lot of money. Millions of dollars is not a detail, Minister.

The Chair: I think the Minister did say she doesn't know the details. Maybe the next minister will. I don't know.

With that, we'll go on to Mr. Fragiskatos.

We will have time for two minutes from the CPC and two minutes from Ms. Koutrakis.

Go ahead, Mr. Fragiskatos.

Mr. Peter Fragiskatos (London North Centre, Lib.): Thank you, Chair, and thank you, Minister, for being here.

I do want to address a falsehood. There's no other way to put it. The opposition continues to peddle it, and we continue to see the perception circulated in media. This is the idea that WE was going to pocket hundreds of millions of dollars from the federal government for the purposes of the Canada student service grant.

On July 28, as you might know, Minister, Craig Kielburger and Marc Kielburger appeared at this committee. In his opening statement, Craig Kielburger said the following:

As per the contribution agreement, WE Charity would only be reimbursed for its costs to build and administer the program. To be clear, there was no financial benefit for the charity. WE Charity would not have received any financial gain from the CSSG program....

That's the end of the quote.

The number that's been put forward is that they would have received a maximum of \$43.5 million to build and administer the program.

Minister, my question for you is this: Does what I just read from Craig Kielburger align with your understanding?

Mr. Peter Fragiskatos: Thank you very much.

Yesterday, you made some comments regarding the Canada student service grant that I want to delve into for a moment. You commented on the context. That context is COVID-19, the frame within which decisions are being made at an extremely rapid pace, a pace perhaps unprecedented in modern Canadian political history.

Can you go into that? Could you talk about the speed with which policy is being decided and programs are being created, amended and put forward again? To what extent do you think that process, the speed we're seeing on the part of the federal government in response to COVID-19, explains some of the mistakes that were made, in your view?

Hon. Carla Qualtrough: It does.

• (1555)

Hon. Carla Qualtrough: First of all, let me state again that I offer no excuse for this. However, there is a context, and the context, as you said, is the incredible pace of where we were mid-March to mid-April, going into May and even now.

Our COVID committee was meeting every day, sometimes twice a day. Cabinet was meeting weekly. Think of the CERB. We announced a different form of benefit for workers on a Wednesday, and on a Thursday we realized it was going to be too complicated. We corrected our course, and within one week we figured out a way to deliver it, figured out a way to legislate it and then legislated it so we could deliver it three weeks later. Any given day was about PPE, borders, temporary foreign workers, long-term care and the CERB. I can tell you we announced these measures on the 22nd, and I think on the 23rd at four o'clock in the morning I was on a G20 employment ministers' call.

Listen, these are the jobs. We do them, and we have to do them well. Again, it's not an excuse, but there is a context here. I think Canadians are very sensitive to an understanding of this context.

We have always said that we weren't striving for perfect, but I really believe we've delivered. I really believe that Canadians have gotten through this in no small part because of the support we've given them. Again, it hasn't been perfect; we've had to correct our course. But we know this, and we're always ready to correct our course. That's one of the freedoms in this: if you try something and it doesn't work, you can try something else and help somebody. Somebody wasn't included in the first group of people you tried to help, so you figure out how to include them. This was so quick.

Thank you for asking that question.

Mr. Peter Fragiskatos: Minister, I have a final question, on the money that would have gone to the Canada student service grant. Do you have thoughts on where that could go now? I know that different ideas have been put forward through the media, with some commentators saying that it should go to the Canada summer jobs program and others saying that it could go to the Canada service corps. It could also go to low-income and middle-income post-secondary students, in the form of grants, loans or both.

Do you have thoughts on where this money could go? Perhaps the money should be held back because COVID-19 remains with us. From a prudence perspective, perhaps it makes sense to hold off on making any spending decisions with respect to this cash.

Hon. Carla Qualtrough: I think the sad reality is that we've missed the opportunity to do what we intended to do through the Canada student service grant.

As for programs that could contribute to more opportunities for students, all of us are looking right now at what we can put on the table to enhance, enrich and add to the \$8 billion that is already out there and being spent on students. Minister Chagger, obviously, is quarterbacking this, but I'll say it is different now. We are collaborating in what all of us can perhaps offer up. Whether it be jobs or other types of opportunities, what can we do?

This has really been a shift. It's an unfortunate reality that we haven't been able to deliver this last piece to students, but we are absolutely committed to investing more in young people.

The Chair: We will have to end the round there.

We'll now give Mr. Cooper two minutes, and then give two minutes to Ms. Koutrakis. Then the minister will have to go.

We'll be a little over our time, Minister, but we were a little late starting.

Mr. Cooper.

Mr. Michael Cooper (St. Albert—Edmonton, CPC): Thank you, Mr. Chair.

Mr. Robidoux, following the April 18 teleconference, what communications, if any, did you have with Ms. Wernick or Ms. Kovacevic between that date and April 22?

Mr. Benoît Robidoux: After the call on the 18th, I guess I was still in contact with Ms. Wernick and Ms. Kovacevic until the 22nd. We had to work out the announcement, so I was in contact with them. I couldn't tell you how many times, but—

• (1600)

Mr. Michael Cooper: So you had some discussions or communications with them about Ms. Wernick's communications with Mr. Kielburger on April 19.

Mr. Benoît Robidoux: Yes, I think she sent a final proposal to Finance for the volunteering and the service opportunities on the 19th, which included the "I Want to Help" platform, some tuition rewards, potentially and—

Mr. Michael Cooper: So you drafted a final—

The Chair: We'll give you time, Mr. Cooper. Let him finish.

Mr. Michael Cooper: Sure.

Mr. Benoît Robidoux: As I was saying, Rachel sent an email to Finance after talking to and consulting with me about the last proposal before the announcement on the volunteering and service opportunities. We talked before that because she had had a discussion with Craig Kielburger on the 19th, and she wanted to talk to me about it. We talked about the discussion they had. Then she finalized that proposal and sent it to Finance. That was the last real discussion we had on the—

The Chair: Mr. Cooper, you have a final question.

Mr. Michael Cooper: Okay, since I only have one final question, just to clarify, you did say you communicated on with someone in Minister Qualtrough's office respecting WE at some point. Could you elaborate on that?

Mr. Benoît Robidoux: It was a discussion. I can't remember which proposal it was, but it may have been that one on April 19 that I just mentioned. I shared that with the minister's office for their information, so they were aware of—

Mr. Michael Cooper: Who in the minister's office?

Mr. Benoît Robidoux: It was Nick....

I'm looking for a second name. The minister is going to help me here. I have a blank about the second name.

The Chair: Are you saying that the minister is going to bail you out, Mr. Robidoux?

Mr. Benoît Robidoux: I'm just looking for a name. I don't know why. I talk to him often. We'll come back with the name.

Mr. Michael Cooper: Just to—

The Chair: That's it, Mr. Cooper. We only get two minutes each.

Mr. Michael Cooper: I realize the time, but I would just ask Mr. Robidoux if he could produce that particular communication and any surrounding, relevant communications.

The Chair: I expect it will be in the documentation that's now with the law clerk—

Mr. Michael Cooper: I assume so, but if it's not—

The Chair: —and he will get us the name.

Ms. Koutrakis, you have two minutes, and then we're going to wrap it up.

[Translation]

Ms. Annie Koutrakis (Vimy, Lib.): Thank you, Mr. Chair.

Madam Minister, could you describe how your office assesses a third-party organization being considered to administer a government program?

[English]

Hon. Carla Qualtrough: From my political office or the department?

[Translation]

Which office are you referring to?

Ms. Annie Koutrakis: Both offices.

[English]

Hon. Carla Qualtrough: Okay. Obviously I feel like this is a big question, but let me see.... If there's an idea of a possible program or solution to an identified issue, it goes through.... It's hard to describe. I apologize, but there are so many ways that things get started. The public service could propose something. We might at cabinet decide something, and the public service goes away and develops it further.

We've been delivering in three ways in this pandemic: directly to individuals, through provinces, and through third parties. Those have been our go-to ways of getting money to organizations and Canadians. Depending on the goal or objective of what we're trying to achieve, one of the three becomes the way we deliver it.

I personally have been obsessed with making sure that things are deliverable. We didn't have time for an idea that couldn't be delivered, so if someone came to me with a proposed solution that we couldn't deliver, it wasn't a proposed solution as far as I was concerned.

We really focused on whether we could do this through an existing system directly to people. Would it be better to partner with the provinces and give the money to them to deliver, or should we use a third party intermediary on the ground to deliver it? Is that the most efficient way, given what we want to achieve?

Really, that was the framing for me as we looked to address these really complicated issues that were coming at us fast and furious.

• (1605)

The Chair: This is your last very quick question, Annie.

[Translation]

Ms. Annie Koutrakis: To your knowledge, was an analysis conducted of WE Charity's capacity to administer the Canada student service grant?

[English]

Hon. Carla Qualtrough: Yes. If there wasn't.... The public service would not have recommended WE if they didn't believe WE could deliver, and, in fact, my understanding was that given the program parameters and timelines we'd laid out, their recommendation was that WE was the only organization positioned to do everything we were asking this third party to do.

The Chair: All right. With that, thank you, members, and thank you, Minister and Mr. Robidoux, for your presentations.

I really thank you, Minister, for the clarity of your answers.

With that, we will suspend for a few minutes while we bring up the next panel.

Thank you again, Minister.

• (1605)

(Pause)

• (1605)

The Chair: We will reconvene and I'll call the meeting to order.

Welcome to meeting number 50 and panel number two of the House of Commons Standing Committee on Finance. I think we all know what issue we're studying and that we're here by video conference, so to save time, we'll turn to our guest, the Minister of Small Business and Export Promotion.

Welcome, Minister. We don't have anybody with you. Or do we? If you do, you'll have to introduce them.

You have short opening remarks, I believe, and then we'll go to questions. The first questioner will be Mr. Cumming, followed by Mr. Fraser.

Minister, the floor is yours.

Hon. Mary Ng (Minister of Small Business and Export Promotion): Thank you so much, Mr. Chair.

Good afternoon to all members of the finance committee. Thank you for inviting me today to speak to Canadians, and thank you for all your important work, especially during these difficult times.

Over the past few months, Canadians have been facing the crisis of our generation.

• (1610)

[Translation]

When the COVID-19 pandemic hit, our government made the decision that we would do everything we could to help businesses and all Canadians through this crisis.

[English]

From the very beginning, our team knew that the only way we would be able to deliver supports to respond to the real needs of Canadians was to listen and to respond as quickly as we could.

Over the past several months, my team and I connected with thousands and thousands of people—small business owners, entrepreneurs, industry leaders, financial institutions, chambers of commerce, boards of trade, not-for-profits and more—through calls, virtual meetings and correspondence every single day. In fact, from March 11 to July 15, my office and departmental officials hosted a daily call every morning to listen, to answer questions and to get direct feedback from business owners and organizations across the country. At times, over a thousand businesses called in to speak with us, and these calls continue to be held twice a week.

It was by listening that we were able to deliver the single largest economic support package for Canadians in our history and adjust our supports in direct response to what we heard to help them get through this pandemic. Whether it was the 75% wage subsidy supporting over three million Canadian jobs, the wide range of lending supports, including the \$40,000 CEBA loan, which is helping over 700,000 business owners with cash flow, keeping costs low by allowing businesses to defer GST, HST and customs duties, or stepping up to reduce rent for small business tenants by 75%, we listened to Canadians to ensure the emergency support we delivered would help them through this crisis and put them in a better position for economic recovery.

This isn't a new approach for us. Listening is at the heart of how my team and I work to serve Canadians. In my role as the minister, as well as the member of Parliament for Markham—Thornhill, my team and I have an open door policy.

I continue to speak with and listen to thousands of Canadians for their feedback and ideas and potential solutions from every sector and every region across this country, and as many as my schedule will allow. As the member of Parliament for Markham—Thornhill, I've also met with many constituents and businesses from our communities to hear directly from them about their successes, their challenges and their experiences.

I want to take this opportunity to be transparent with respect to the interactions my team and I have had with the WE Charity in recent months.

It was in my capacity as the member of Parliament for Markham—Thornhill that WE Charity, as an organization that had its roots in Thornhill, first reached out to my riding office in December of 2018 to see if I could attend an event with young people. Due to scheduling issues, this event never took place.

[Translation]

In the fall of 2019, when I was re-elected as the member of Parliament for Markham-Thornhill, WE Charity sent a congratulatory email to my office.

[English]

In December 2019, after I was appointed in my expanded mandate as the Minister of Small Business, Export Promotion and International Trade, WE Charity sent another congratulatory email and offered dates for a meeting in the new year to discuss their work.

In January 2020 my chief of staff met with Sofia Marquez, director of government and stakeholder relations for the WE Charity. This was an introductory meeting requested by Sofia to discuss WE Charity's work.

Following that meeting, an introductory call between me and Craig Kielburger was scheduled for April 7. This meeting was scheduled on February 21.

We had a 30-minute phone conversation, along with a few WE Charity staff, where Mr. Kielburger and his team talked about their work, with a focus on empowering young people in Markham—Thornhill. Mr. Kielburger also mentioned a proposal for a potential social entrepreneurship program at the very end of the call and I in-

vised him to share that proposal with my office. I did not have knowledge of this proposal before that call.

On April 9 Mr. Kielburger's team shared a document with my chief of staff and me and attached a document titled WE social entrepreneurship "Concept Paper". Mr. Kielburger noted in his email that this was a concept paper and that they would follow up with a more detailed proposal shortly. This was unrelated to the youth service program. On April 15 my office responded to their email that we would look into this.

On April 22 my office received an updated proposal from Mr. Kielburger. After analysis by my department and a review by my office, we concluded that we would not move forward with the social entrepreneurship proposal, because it likely wouldn't directly fit under my portfolio and there were better ways to support young entrepreneurs amid COVID-19, including our April 17 announcement to invest \$20 million to help young entrepreneurs under the existing Futurpreneur program. My team informed the WE Charity of our reasons for not supporting the social entrepreneurship program on April 30.

For context, on April 5 the Canada student services grant program was presented to the cabinet committee on COVID-19, which I am a part of. This proposal was separate from the social entrepreneurship proposal that my office had received.

One month after informing WE Charity of our decision not to move forward on their social entrepreneurship proposal, Ms. Marquez reached out again to my staff on June 2, asking to speak further, as she indicated that they were considering revisions to it. My chief of staff communicated to my policy team that we needed to be clear with WE that we were not moving forward with their social entrepreneurship proposal. On June 18 my office clearly communicated to Ms. Marquez over the phone that we would not be moving forward with their proposal for a social entrepreneurship program, and this was acknowledged.

● (1615)

[Translation]

The communication that I had with WE Charity was solely about a proposal for young entrepreneurs.

[English]

To be clear, neither I nor anyone on my team spoke with the WE Charity about the youth service program or the Canada student services grant.

Over the past few months, I've continued to do exactly what Canadians expect: to listen to Canadians; to be open to new ideas and solutions; and to do our due diligence with any ideas and proposals we receive, including seeking and receiving the public service's input, analysis and recommendations. Our aim continues to be to do the very best possible job to help our businesses and all Canadians succeed. Right now, that means ensuring that they are well supported through this crisis and have the tools that they need to rebuild and to recover from COVID-19.

Mr. Chair, committee members and Canadians, thank you for your attention. I am here, in all transparency, to answer any questions that you might have. Thank you.

The Chair: Thank you very much, Minister.

We will go to our first six-minute round, with Mr. Cumming, Mr. Fraser, Mr. Fortin and Mr. Julian.

Mr. Cumming.

Mr. James Cumming (Edmonton Centre, CPC): Thank you, Mr. Chair, and thank you, Madam Minister, for appearing today.

Just for some clarity, did you or your office have any communications with WE Charity or the Kielburger brothers in the month of March?

Hon. Mary Ng: No, we did not.

Mr. James Cumming: The first time that you heard from them was to discuss this potential youth entrepreneurship proposal.

Hon. Mary Ng: In February my office scheduled a meeting to take place on April 7. At that time, I spoke with Mr. Kielburger. It was at the end of that conversation that Mr. Kielburger raised the idea of a social entrepreneurship program.

Mr. James Cumming: When you received this proposal from Mr. Kielburger or his staff, what did you do with that proposal? Did you forward it to any other offices? Was there any conversation with the PMO regarding that proposal?

Hon. Mary Ng: I received the concept paper a couple of days after that initial conversation. As I said in my earlier remarks, I received a concept paper for the social entrepreneurship program. That was received on April 9. We received more updated information on the social entrepreneurship program, and we provided that to my department. I asked for their analysis and their recommendation.

They provided that to me, and the recommendation was that it was not really within my mandate. Therefore, I took the recommendation and decided not to proceed with the social entrepreneurship program.

● (1620)

Mr. James Cumming: Did you forward this program to any other department? Did you forward it to Finance, to ESDC or Youth, or to any other department?

Hon. Mary Ng: I did not, but it would be completely appropriate for my staff, in the course of their review along with officials in reviewing the social entrepreneurship program, to consult with relevant ministerial offices. That would be very consistent with normal practice in an effort to come up with an analysis and a recommendation to me.

Mr. James Cumming: When did you first find out that WE was being considered for the broader program, the student grant program?

Hon. Mary Ng: It would have been at the COVID-19 cabinet committee, which I am a part of. The first time the proposal made its way to cabinet committee would have been on May 5, and I would have been briefed for that committee so that I could participate in that committee. That would have been the first time I learned of the Canada student service grant proposal.

Mr. James Cumming: Are you not surprised that WE would have been pitching a program to you and to your office and then this other program morphs out of some other discussions? When you were at cabinet, was it not surprising to you that WE was also being considered for other programs?

Hon. Mary Ng: Well, I certainly received the social entrepreneurship program. That was what I—my team—looked at. That was what my officials reviewed, and that was the recommendation I received. As part of the deliberations at the COVID committee and at cabinet, it was about supports for students. It was our government's commitment to make sure that at this very critical time we would provide supports to students. One of the components is the service grant, and it came forward at the cabinet committee. I participated there and I participated subsequently at cabinet in the deliberation of that program.

Mr. James Cumming: Minister, given your portfolio, at those cabinet meetings did you discuss or advocate for expansion of the Canada summer jobs program—given its connections to small business and not-for-profits—rather than this volunteer grant program? Were you able to advocate for businesses at that cabinet meeting to maybe expand that program, the Canada summer jobs program?

Hon. Mary Ng: Well, I'm not able to share the specific deliberations, but it was a whole-of-government decision, of course, to support the Canada student service grant.

To answer your question on whether I advocate for supports for businesses, all the time, in fact. That is what I do every day in this portfolio, humbly, as you well know. You and I have certainly talked about the very many needs of small businesses across this country, so at all times I would advocate for small businesses. With respect to this particular proposal, it was this particular proposal that we discussed, and we did make a decision as a government to proceed with this support for students, as it was very important at the time.

The Chair: You're down to the last question, James.

Mr. James Cumming: Thank you, Mr. Chair.

Yes, Minister, we have talked. I'm still waiting for you to get that access out of their personal banking accounts announced for those small businesses, which hasn't happened, but I'll go back to the WE issue.

The Prime Minister has stated that he pulled this and asked for additional due diligence. Given that there was the potential of students getting this job experience and that you had seen a proposal from WE, was there any discussion with your department whatsoever about due diligence on this program with WE?

Hon. Mary Ng: The proposal came forward to the cabinet committee. It came forward to cabinet. I was briefed by my staff as I normally would be in advance of cabinet to be sure that I was provided with all of the information necessary to participate in cabinet. That was what was provided to me and that was the work that I undertook that allowed me to participate fully in cabinet, and as you well know, cabinet as a full cabinet approved the Canada student service grant.

• (1625)

The Chair: We'll have to end it there.

I just can't help but say, Minister, that Mr. Cumming and I, and I think all on the committee, are on the same page on the CEBA, which we've talked to you about before. Just send that message up to the PMO. It's time for personal bank accounts rather than catering to the business accounts of the banks.

With that—sorry, guys—we'll go to Mr. Fortin, who will be followed by Mr. Julian.

Mr. Fortin.

[*Translation*]

Mr. Rhéal Fortin: Thank you, Mr. Chair.

Good afternoon, Madam Minister.

Madam Minister, the contract was—

[*English*]

Hon. Mary Ng: Excuse me. My apologies, Monsieur Fortin. I'm just putting on the interpretation.

Mr. Rhéal Fortin: It's no problem.

[*Translation*]

You told us that the contract for the student grants had been approved by all ministers around the table.

I would like to know if you knew at that time that the contract was not with WE Charity, but rather with the WE foundation.

[*English*]

Hon. Mary Ng: No, Mr. Fortin, I did not. We had approved the recommendation put forward to cabinet by my colleague minister and understood that it would be WE Charity that would deliver this program.

[*Translation*]

Mr. Rhéal Fortin: So, if I understand correctly...

[*English*]

The Chair: Not to interrupt you, Mr. Fortin, but I skipped Mr. Fraser, so we'll let you finish your round and then go back to Mr. Fraser.

[*Translation*]

Mr. Rhéal Fortin: Okay.

If I understand correctly, Madam Minister, you never approved a contract between the federal government and the WE foundation. You never agreed to that.

[*English*]

Hon. Mary Ng: We approved as a cabinet the Canada student service grant. It was a policy approval, a cabinet approval. That's what we approved. We understood how important it was to make sure we had a program that was going to give our young people the opportunity to provide service in communities across the country, and that's what we approved.

[*Translation*]

Mr. Rhéal Fortin: Excuse me, I do not wish to be impolite, but we only have so much time.

I understand that you approved the establishment of a grant program, but I am talking about the agreement between the federal government and the WE Charity Foundation of Canada. As I understand it, you never approved it.

Is that correct?

[*English*]

Hon. Mary Ng: Well, as a cabinet, we do approve the program. The details on the implementation are done by the public service.

[*Translation*]

Mr. Rhéal Fortin: I am talking about that contract.

You approved the contract with WE Charity, but did you approve the contract with the WE foundation?

[*English*]

Hon. Mary Ng: We approved the Canada student service grant—

[*Translation*]

Mr. Rhéal Fortin: I understand that.

[*English*]

Hon. Mary Ng: —but it is the civil service that would take the direction of cabinet and then work through the implementation.

[*Translation*]

Mr. Rhéal Fortin: I am sorry, Madam Minister, but that's not my question.

I understand your testimony, and I am not trying to put you on the spot. I am asking you a very simple question: I have a contract here between the federal government and the WE Charity Foundation of Canada.

Did you approve this agreement?

[English]

Hon. Mary Ng: Mr. Fortin, in cabinet we take decisions that approve the expenditure and the program—

[Translation]

Mr. Rhéal Fortin: That's not my question, Madam Minister.

[English]

Hon. Mary Ng: —and it is the responsibility of the civil service to then subsequently execute the direction of cabinet.

[Translation]

Mr. Rhéal Fortin: Okay, but that does not answer my question.

[English]

The Chair: If I could, I'll intervene here for a minute, Mr. Fortin.

Madam Minister, we've had this discussion before. What Mr. Fortin is getting at is that there is quite a distinction between WE Charity and the WE Charity Foundation. I think his question relates to what your knowledge was of the WE Charity Foundation.

We'll go over to you, Mr. Fortin.

[Translation]

Mr. Rhéal Fortin: Thank you, Mr. Chair.

Perhaps the interpretation is unclear, but I just want to make sure we understand each other, Madam Minister.

I understand that you approved the student grant program. I understand that, in your mind, you were entrusting WE Charity with the program. However, I am telling you that the contract was given to the WE foundation, which is another company.

Did you, personally, approve this contract between the federal government and the WE Charity Foundation of Canada?

• (1630)

[English]

Hon. Mary Ng: Mr. Fortin, thank you for that clarification. I don't recall the specifics.

[Translation]

Mr. Rhéal Fortin: Do you recall if anyone else in cabinet approved the agreement with the WE Charity Foundation of Canada?

[English]

Hon. Mary Ng: I wouldn't have that knowledge, Monsieur Fortin.

[Translation]

Mr. Rhéal Fortin: All right.

Were you present at the cabinet meeting on May 8?

[English]

Hon. Mary Ng: I apologize. The translation didn't come through for the question. Would you mind repeating it?

[Translation]

Mr. Rhéal Fortin: Certainly.

Did you attend the cabinet meeting on May 8?

[English]

Hon. Mary Ng: Let me have a look at my timeline here on the dates. I don't have a record of a cabinet meeting on May 8. I have a record of a cabinet meeting on May 22 that I participated in.

[Translation]

Mr. Rhéal Fortin: Okay.

On May 8, we learned that the Prime Minister had reservations about the contract and that he postponed the decision until the next cabinet meeting, on May 22. So, if I understand correctly, you were not at the meeting on May 8, but you were at the meeting on May 22.

Was there any discussion of a potential conflict of interest for the Prime Minister and the Minister of Finance?

[English]

Hon. Mary Ng: We had a meeting on the 22nd. This is where we as a cabinet discussed this item. Of course, I'm not going to get into the details of the discussion at cabinet, but I know that both the Prime Minister and the finance minister have spoken to this committee and publicly and indicated that they should have recused themselves from that May 22 cabinet meeting, and have apologized for not doing so.

[Translation]

Mr. Rhéal Fortin: You were at the May 22 meeting. Was there any discussion of that issue?

[English]

Hon. Mary Ng: Monsieur Fortin, I am not at liberty to share the discussions in cabinet, but I can say that both the minister and Prime Minister have indicated that they—

[Translation]

Mr. Rhéal Fortin: Okay.

I understand—

[English]

The Chair: This is the last question, Mr. Fortin. We're a little overtime, but I took some of your time.

Go ahead.

[Translation]

Mr. Rhéal Fortin: Thank you, Mr. Chair.

I understand that you cannot tell us about the May 22 meeting. So I will ask you a question.

At the May 22 meeting, or anytime before then, did you see a due diligence report on the financial and legal status of WE Charity or the WE Charity Foundation of Canada?

[English]

Hon. Mary Ng: No. I am not aware of an auditing report, Mr. Fortin.

[Translation]

Mr. Rhéal Fortin: Thank you, Madam Minister.

[English]

The Chair: Thank you, Mr. Fortin and Madam Minister.

We'll go back to Mr. Fraser.

My apologies, Mr. Fraser. You're up, and then we'll go on to Mr. Julian.

Sean.

Mr. Sean Fraser: Thank you, Mr. Chair. I know that I'm completely forgettable here, so I'll forgive you this time around.

Thank you, Minister, for being with us today. One of the issues I want to explore a little is the role of unsolicited proposals that come in. I've made the point during previous meetings. It's the kind of thing that as a local MP you may get and that you may get as a cabinet minister. In your case, in the present circumstances, perhaps it's both.

For what's it's worth, actually, you mentioned the investment made in Futurpreneur. I know that prior to that announcement, they reached out to my office in my role as the Parliamentary Secretary to the Minister of Finance.

When your office receives an unsolicited proposal, I'm curious about what the normal process would be to make an assessment of whether it's something worth pursuing or something you're going to reject. What kind of process does an unsolicited proposal go through in your office?

Hon. Mary Ng: Let me put it into the context of this time period during COVID-19. During COVID-19, it was really important that we were providing supports to help Canada's small businesses and entrepreneurs throughout the country. As I said earlier, my department and my staff had a daily call with businesses from all across the country, including groups that represented businesses. At times, there were literally over a thousand businesses on that morning call.

There were proposals, there were suggestions and there were ideas that would come through. In fact, because of the urgency and the time compression, we were literally working as just one team. There was no such thing as a political team or a departmental team. We just worked together, listening to businesses and hearing from them. We were also hearing from members of Parliament from all sides of the House about solutions that might be had. It just came into our department, and we were listening, on the one hand, to what the needs of businesses were, and then seeing, on the other hand, if there were solutions or ideas or programs that might actually work to help businesses.

The process simply was that should there be ideas that came in, or solutions, our department would look at them, they would vet them, they would do the analysis and then they would make a recommendation to me. We would, of course, engage in conversations with Finance, because this was also a time when it was really important to see how we might be able to take an idea forward. The CEBA loan is a perfect example. We knew we had to get that liquidity out to businesses, but they were delivered by Canada's banks. Then you'll know, of course, that we also had to make changes. They are delivered through the credit unions as well.

So it really came in, and we responded by looking through to be sure that there were solutions that met the needs of businesses; if so, there was an analysis done, and a recommendation.

• (1635)

Mr. Sean Fraser: Thank you.

I just hope that the folks who've been watching these proceedings over the past few months don't become concerned that they shouldn't be reaching out to their local MPs or to the government. I know that some of the most valuable feedback I've received came from other members of Parliament from all parties right across Canada. When I saw that thousands of businesses were reaching out to hundreds of members of Parliament, ultimately coming across my desk, it spoke to me that there were items that we needed to act upon.

I want to dig a little bit into the proposal you received initially for WE Charity's student entrepreneurship program, which was rejected. When did you communicate to WE Charity that the program had been rejected?

Hon. Mary Ng: Apologies; I'm just going to grab my notes.

Mr. Sean Fraser: You can take your time. It's okay.

Hon. Mary Ng: I'm just looking at my timeline here. We received it on April 22, and we communicated to WE.... Let me just see....

Mr. Sean Fraser: I see some movement from the chair, so I might be quickly running out of time.

In any event, you communicated the—

Hon. Mary Ng: We did communicate. We communicated after my department did an analysis and said that it likely was not within my mandate. We communicated that we were not going to proceed with that proposal.

Mr. Sean Fraser: You have no reason to believe the genesis of the Canada student service grant was tied in any way to the unsolicited proposal that came in on the Canada entrepreneurship program. Is that correct?

Hon. Mary Ng: That's correct.

Mr. Sean Fraser: Mr. Chair, do I have any time remaining?

The Chair: You have a minute and a quarter.

Mr. Sean Fraser: Okay. I'll ask one final question.

Minister Qualtrough, who was before the committee just moments ago, indicated in no uncertain terms that she remained confident that a third party administrator for the program would be essential if it was going to do everything the program was asking of the service provider rather than, for example, going through the civil service. The Prime Minister gave testimony to the effect that there was a binary choice presented during that May 22 cabinet meeting, which you were present for, according to your testimony today, saying that this was a binary choice: We were either going to go forward with WE Charity administering the program or there would not be a service grant program this summer.

Do you have any reason to believe, based on the information you had at the time, that there was another option, that in fact the civil service could have delivered the program in the manner contemplated by the government?

Hon. Mary Ng: No. It was very clear that the recommendation was that if we wanted to help young people by giving them a service opportunity, this was the only option to do it. The choice before us was, do we provide this opportunity to young people through this service opportunity or do we not?

With respect to engaging third parties, I just think about my own portfolio. The Canadian Business Resilience Network is a collaboration between the Government of Canada and the Canadian Chamber of Commerce. That includes the CFIB, all of the local provincial chambers, the Canadian Council for Aboriginal Business and the Retail Council of Canada. Making sure that we participated with partners that were closest to Canadians was what we strove to do to make sure we got out the supports we needed to.

• (1640)

The Chair: Thanks, both of you.

We're turning to Mr. Julian, who will be followed by Mr. Poilievre.

Mr. Julian, you're up.

Mr. Peter Julian: Thanks very much, and thanks, Minister Ng, for being here today.

I just have a very quick question off the top to follow up on Mr. Fraser's questions. Did you or your department ever speak with the Public Service Alliance of Canada? We've had testimony, of course, that they were ready, willing and able and civil servants were ready, willing and able to do that program.

We've heard a lot of conjecture from ministers, but we have yet to hear from a single minister who actually spoke with the Public Service Alliance of Canada. Did you or your department speak with them?

Hon. Mary Ng: I did not with respect to the social entrepreneurship program, which is what came to my office. It was what was reviewed by the civil service. Given my focus on small businesses, entrepreneurs and young entrepreneurs, that was my focus, and no, I did not speak to the civil service alliance.

Mr. Peter Julian: Okay. Thank you, because there's a difference between conjecture and actually getting the facts, and the facts are that the public service was ready, willing and able to undertake the program.

You testified—and thank you very much for the detail—that in January you met with Ms. Marquez from WE. On April 7, you spoke with Mr. Kielburger. At either of those meetings, did you ask them whether they were registered as lobbyists around those meetings?

Hon. Mary Ng: Just for clarification, Mr. Julian, it was my chief of staff who spoke with Madam Marquez. I had a 30-minute call with Mr. Kielburger on April 7.

I just want to assure this committee and Canadians that we abide by the rules set out in the Lobbying Act, and as you're aware, according to that act, lobbyists must register their meetings—

Mr. Peter Julian: Yes, but did you ask them whether they were registered? Did your chief of staff ask Ms. Marquez whether she was registered?

Hon. Mary Ng: Well, I expect that lobbyists follow the rules and I expect—

Mr. Peter Julian: Okay. Then you didn't ask them—

Hon. Mary Ng: —individuals and the businesses to comply with the Lobbying Act.

Mr. Peter Julian: Did they volunteer to say whether or not they were registered as lobbyists at those two meetings?

Hon. Mary Ng: Mr. Julian, you just cut out.

Mr. Peter Julian: I asked whether or not—

Hon. Mary Ng: Mr. Julian, do you mind repeating that?

Mr. Peter Julian: No, not at all.

Did they volunteer whether or not they were registered as lobbyists at those two meetings?

Hon. Mary Ng: They did not. I don't know about the meeting with my chief of staff. To my understanding, they did not—

Mr. Peter Julian: Okay.

Hon. Mary Ng: —but certainly not at my meeting.

Mr. Peter Julian: Thank you very much for that.

I'd like to go into the whole issue of decisions being made either in the cabinet committee or in cabinet.

Mr. Fortin asked earlier about the shell foundation. I wanted to know whether or not you were.... You had also mentioned, in terms of the conflicts of interest, that you became aware of that. Were you aware of this proposal's probable violation of the codes of ethics of teachers across this country, and were you aware of the probable violation of labour laws and minimum wage laws?

In other words, prior to making that decision, were you informed about those probable violations of the codes of ethics of teachers, minimum wage laws and labour standards?

Hon. Mary Ng: Well, I just want to remind everyone that the main objective of that discussion was to approve a program that was about services by students for not-for-profit organizations across the country, and that was the decision that was made.

Mr. Peter Julian: No, so I gather you were not aware.

Were you aware of the financial problems taking place at WE in the spring? Also, were you aware that the board had been, as we've heard in testimony from the chair of the board of directors, effectively fired? Was any of that information available to you prior to making the decision at the cabinet committee or in cabinet?

• (1645)

Hon. Mary Ng: Those are not issues that were raised to us by the public officials who were supporting this file. They did not raise that.

Mr. Peter Julian: Were you aware of the inability of WE to actually offer service in the two official languages? You'll certainly know from media reports that this portion of the massive contract was going to be farmed out to a company with historic links to the Liberal Party in Quebec.

Prior to the decision at the cabinet committee or in cabinet, were you aware that WE was not actually offering services in both official languages and would need to hire a company to do that?

Hon. Mary Ng: Well, we certainly wanted to ensure that the CSSG was responsive to the unique needs of the province of Quebec and that WE Charity had worked with a team of advisers and not-for-profit organizations from across the province.

It really was important that this service grant was intended to support as many students as possible and to help as many not-for-profits as possible during these challenging times and [*Technical difficulty—Editor*] was absolutely important that the organization was giving many opportunities to students and that they were recommending [*Technical difficulty—Editor*]

Mr. Peter Julian: I'm sorry, Chair. Her feed seems to be breaking up.

The Chair: Minister, your feed is breaking up.

Hon. Mary Ng: Can you hear me? Is this better?

The Chair: No. You started breaking up about 10 seconds ago.

Hon. Mary Ng: Oh. Okay. All right.

The Chair: This will be the last question, Mr. Julian.

Mr. Peter Julian: Yes, I do have a final question.

The Chair: Go to your final question. If you need clarification on what you didn't hear in the answer, ask for that as well.

Mr. Peter Julian: This is the final question. In the solicitation around youth entrepreneurship, what was the amount that was going to go to WE for administering or managing that program?

The Chair: Minister Ng?

Minister Ng, I believe you're frozen out.

Hon. Mary Ng: I don't [*Technical difficulty—Editor*] for the social entrepreneurship proposal. I'm happy to get that information [*Technical difficulty—Editor*]

The Chair: Mr. Clerk, you may have to get the IT people to look into why we can't hear Minister Ng.

Hon. Mary Ng: Can you hear me there?

The Chair: No, we can't. Just hold tight. We'll have to see what happens here.

Hon. Mary Ng: It says my Internet [*Technical difficulty—Editor*]

The Chair: I think it's your Internet, Madam Minister, because all of us are not hearing you. Try it again.

Hon. Mary Ng: Can you hear me now?

The Chair: I can hear you now.

Hon. Mary Ng: Okay. Can you hear?

The Chair: Yes. Try that.

I see you on the screen, Madam Minister, but I don't see any body movement, so there's something going on there.

Mr. Peter Julian: She's not moving. She's frozen, I think.

The Chair: I think so.

Mr. Peter Julian: It's a metaphor.

Some hon. members: Oh, oh!

The Chair: Okay, Mr. Clerk, we'll...

The Clerk: It's probably an Internet connection, Mr. Chair. I just spoke with the technicians in the room.

One option, Madam Minister, if you can hear me, may be to try to turn off your video. Maybe that would put some space on your Internet connection and we'd be able to hear you. Otherwise, we think that this is the problem.

Mr. Peter Julian: Mr. Chair, I did hear her say that they'd be providing the figures on the youth entrepreneurship program and the amount of money going to WE. That's something that I'd ask the clerk to follow up on.

The Chair: Yes.

While we're waiting for the minister, I do want to thank the analysts for that document they provided us, either today or yesterday, which outlines all the information that was supposed to come to us and from whom. I thought I kept reasonable notes and I obviously missed about half of them. I do want to thank the analysts for that good work, because it outlines what we're expecting to receive from various witnesses.

Does anybody know where the minister went?

• (1650)

[*Translation*]

Mr. Rhéal Fortin: I imagine she went to check who the parties were to the contract we have been talking about over the past few weeks.

[*English*]

The Chair: I figured you would have tabled that yesterday, Mr. Fortin.

Mr. Rhéal Fortin: I did.

The Chair: I know. I saw you.

Some hon. members: Oh, oh!

The Chair: Dear, dear. Without the minister, we can't go anywhere here for a few minutes. I assume the technicians are trying to track her down.

The Clerk: Yes, Mr. Chair. She doesn't seem to be there anymore. We'll try to contact her and see if she can reconnect.

The Chair: She must have hit the off button rather than the video.

We didn't have these problems with the technology at the beginning as much as we're having them now. It seems strange.

Mr. Julian, you're getting an awful lot of time in this question period. You're up to pretty near 12 minutes.

Mr. Peter Julian: Thank you, Mr. Chair. I know that I'll pay for that somewhere down the road.

Well, in answer to my final question, she did offer to provide the information that she didn't have at hand, so I consider my turn as concluded.

The Chair: Yes, but anyway, I think when she comes back on, maybe you'd better remake that point, just to be sure. That's if we get her back on here....

The Clerk: We're not able to get hold of her, Mr. Chair. You may want to suspend for a few minutes. We can try again.

The Chair: Okay.

We will suspend for a few minutes and give people to get a chance to get a glass of water or something.

• (1650) _____ (Pause) _____

• (1655)

The Chair: We will call the meeting back to order.

Mr. Julian just needed a point clarification on his last question. Then we will go to Mr. Poilievre.

Mr. Peter Julian: Thanks, Minister Ng.

I'm sorry about the problems with the Internet, but my final question was on the actual administrative amounts or management amounts going to WE in the entrepreneurship program proposal. I gathered before you cut out that you were saying you didn't have that information but you would be providing it to the committee. Did I understand that correctly?

Hon. Mary Ng: What I was saying was that on the social entrepreneurship program, the concept paper and proposal that was sent to me, I don't recall there being an amount to it. It really was a program and a proposal for social entrepreneurs.

My department reviewed the program and made a recommendation to me, which I accepted, which is that it really wasn't within my mandate. We were already working with Futurpreneur, and around that time we made a \$20-million investment in funding to Futurpreneur because it was the quickest way to get that support to those youth entrepreneurs.

I'm happy to get back to you to see whether or not there was something in that proposal, but I don't recall any dollar amount. It didn't even get as far as that. It really was, "Is this a proposal that we would entertain?" Ultimately, the analysis and recommendation was "no".

• (1700)

The Chair: Okay. If you could get back to us, that would be helpful, Minister.

We'll go to two more five-minute rounds. Mr. Poilievre and Mr. Fragiskatos will wrap it up.

Mr. Poilievre.

Hon. Pierre Poilievre: Since March 1, did you ever have any communications about WE with Katie Telford?

Hon. Mary Ng: No, I did not have any—

Hon. Pierre Poilievre: Bill Morneau?

Hon. Mary Ng: No, I did not.

Hon. Pierre Poilievre: Ben Chin?

Hon. Mary Ng: No, I did not.

Hon. Pierre Poilievre: Did your staff have any communications with any of these people about WE?

Hon. Mary Ng: Not to my knowledge.

Hon. Pierre Poilievre: Can you confirm yes or no?

Hon. Mary Ng: Not to my knowledge, sir.

I'm happy to get back to you—

Hon. Pierre Poilievre: Thank you.

Elder Marques?

Hon. Mary Ng: No.

Hon. Pierre Poilievre: Minister Chagger?

Hon. Mary Ng: On March 1, you said?

Hon. Mary Ng: Since March 1...?

Hon. Pierre Poilievre: It's since March 1.

Hon. Pierre Poilievre: All of these were since March 1.

Hon. Mary Ng: Oh. I'm sorry. Okay.

Since March 1, I had a 30-minute meeting, and a proposal came in—

Hon. Pierre Poilievre: No, I'm sorry. Let's start again. We don't have time for this.

Hon. Mary Ng: All right.

Hon. Pierre Poilievre: We'll start again.

Since March 1, have you spoken, have you communicated or have you had communications either way about WE with Katie Telford?

Hon. Mary Ng: I have not.

Hon. Pierre Poilievre: Has your staff?

Hon. Mary Ng: Not to my knowledge.

Hon. Pierre Poilievre: Please confirm to the committee in writing.

Bill Morneau?

Hon. Mary Ng: Not to my knowledge.

Hon. Pierre Poilievre: Ben Chin?

Hon. Mary Ng: No, not to my knowledge.

Hon. Pierre Poilievre: Elder Marques?

Hon. Mary Ng: Not to my knowledge.

Hon. Pierre Poilievre: Minister Chagger?

Hon. Mary Ng: My staff would have had a regular consultation with Minister Chagger's staff with respect to the social entrepreneurship program that—

Hon. Pierre Poilievre: Did your office share that proposal with any other office in the government?

Hon. Mary Ng: I don't believe so.

Hon. Pierre Poilievre: Earlier you said that it did.

Hon. Mary Ng: We received the proposal—

Hon. Pierre Poilievre: Yes, I know that. That wasn't the question. Did you share it with other ministerial offices?

Hon. Mary Ng: I would not have.

Hon. Pierre Poilievre: Did your office?

Hon. Mary Ng: My office would have consulted the relevant offices on the social entrepreneurship program.

Hon. Pierre Poilievre: Did they ever share it with anyone in the bureaucracy?

Hon. Mary Ng: The proposal was shared with the bureaucracy, yes.

Hon. Pierre Poilievre: Which departments?

Hon. Mary Ng: With ISED, which is the department that supports me in my capacity on the small business side.

Hon. Pierre Poilievre: Okay. And with ESDC, PCO or Finance?

Hon. Mary Ng: Not to my knowledge.

Hon. Pierre Poilievre: All right.

Other than this April 7 meeting with Mr. Kielburger, has your office had any other communications with the Kielburgers since that time?

Hon. Mary Ng: As I said in my notes earlier, my office would have had subsequent interaction with Ms. Marquez from WE.

Hon. Pierre Poilievre: Did your office ever communicate with WE, or vice versa, regarding student service programming?

Hon. Mary Ng: No, my office did not.

Hon. Pierre Poilievre: Did you or your office communicate with WE, or vice versa, about any other program proposal, idea or initiative other than the social entrepreneurship proposal?

Hon. Mary Ng: No, we did not.

Hon. Pierre Poilievre: You claim that the social entrepreneur proposal was different from the Canada student service grant proposal. Previous public servants have claimed that one transitioned into the other, that the first was adapted into the second. Which is it? Were they two separate proposals or were they one that morphed into the other?

Hon. Mary Ng: We received a concept paper first. That was then updated on the social entrepreneurship program. That is what we received from WE.

• (1705)

Hon. Pierre Poilievre: Was it transformed into a student service proposal?

Hon. Mary Ng: I would not have any knowledge of that.

The Chair: You're getting down to a last couple of quick ones, Mr. Poilievre.

Hon. Pierre Poilievre: All right.

Did anyone in the PMO ever communicate with you, or you with them, about WE since March 1?

Hon. Mary Ng: No.

Hon. Pierre Poilievre: Did anyone in your staff ever hear from the PMO about WE since March 1?

Hon. Mary Ng: Not to my knowledge.

Hon. Pierre Poilievre: Can you confirm that with them and get back to us?

Hon. Mary Ng: I'd be happy to.

Hon. Pierre Poilievre: And vice versa, did anyone in your staff communicate to the PMO about WE since March 1?

Hon. Mary Ng: There would have been a discussion about the social entrepreneurship program with relevant colleague departments. It could have included the PMO, but on the social entrepreneurship program.

Hon. Pierre Poilievre: Only.

Hon. Mary Ng: Only.

The Chair: We'll have to end it there.

The last round will be Mr. Fragiskatos for five minutes. Then we'll have to go to the next witness.

Mr. Fragiskatos.

Mr. Peter Fragiskatos: Thank you, Chair.

Thank you, Minister, for being here.

I want to raise a question that I raised with Minister Qualtrough. It's an important issue, and that's why I'm repeating it. There is a myth—a mistake, a falsehood, call it what you will—that continues to be peddled by the opposition that has created a perception among the Canadian public, which is that hundreds of millions of dollars were going to be pocketed by WE from the federal government for the purposes of administering and building the Canada student service grant.

On July 28, Craig Kielburger testified to the finance committee. He said the following in his opening statement:

As per the contribution agreement, WE Charity would only be reimbursed for its costs to build and administer the program. To be clear, there was no financial benefit for the charity. WE Charity would not have received any financial gain from the CSSG program....

Minister, does that align with your understanding of all this, that it was a reimbursement, up to a maximum of \$43.5 million, for WE from the federal government?

Hon. Mary Ng: Yes, that would be my understanding. For context, which I think bears repeating, during COVID-19 it was really important that we ensured that young people were supported, just as businesses were supported, Canadians were supported, farmers were supported, seniors were supported, vulnerable people were supported.

It was very important to ensure that young people—you and I have this in common, having worked with young people in many parts of our life—had the supports they needed to weather this very difficult period. The Canada student service grant was a component of the supports for students. This component was important, because it provided service opportunities for our young people.

Mr. Peter Fragiskatos: Thank you very much.

There is money still on the table, of course, because the Canada student service grant is not going ahead. Do you have thoughts on how youth can be supported? This doesn't necessarily fall directly under your portfolio, obviously, but I have constituents—young people, their parents and others—asking questions about what else the government can do to assist young people. It doesn't look like this money will be spent any time soon.

Do you have a view on whether or not the government ought to hold it back, since we don't know whether or not a second wave of COVID-19 could hit and it could be prudent to hold that money back? We're talking about hundreds of millions of dollars here. Or are there other programs that could be introduced in various departments—in your department, for example, supporting youth entrepreneurship? Is that a possibility, working in concert with other ministers to ensure that youth programming is expanded or that existing programs are supported? Do you have any thoughts on that at all?

Hon. Mary Ng: Well, it is really important during this period that the leaders of today, who are our young people—and who are also our leaders of tomorrow—are supported and are given all the opportunities to weather COVID-19 and be successful. I would say that there is nothing that is off the table.

Throughout this, our job has been to ensure, on the one hand, that the health and safety of Canadians is absolutely the top priority—to flatten this curve and fight the spread of COVID-19—and I thank all Canadians for doing that. At the same time, our job has been to ensure that our businesses, our young entrepreneurs, our women entrepreneurs, our indigenous entrepreneurs and those incredible young leaders and business leaders are supported in order to weather COVID-19 and then get on the road to recovery.

I think there is still work ahead of us. We must continue this work. We mustn't stop it. Our young people in this country are some of the most innovative and some of the most creative. Certainly, through my youth council, which I meet with on a regular basis, I've heard the challenges that they were facing around their uncertainty. Therefore, the supports that the government has put forward are intended to make sure that we and this incredible young generation get every leg-up during this time.

• (1710)

The Chair: You have time for a very quick last question and a short answer, Mr. Fragiskatos.

Mr. Peter Fragiskatos: This probably touches on matters that have been raised prior to today, but can you point to proposals that have been presented to you in an unsolicited way and in fact turned into public policy?

Hon. Mary Ng: Yes, indeed. The Business Council of Canada, which of course represents many of Canada's private sector compa-

nies, came up with a training and education platform that was there to help businesses take steps to prevent the spread of COVID-19. They came up with the POST Promise. We collaborated with them. This is from the Business Council of Canada and also includes the CFIB and the Retail Council as part of it.

We also collaborated with the certified accountants of Canada through the Canada business resilience service. This was a hotline seven days a week to help businesses get the service and support they need to help them through this period. We have done that with them. The Business Resilience Network is a collaboration with the Canadian Chamber of Commerce—and again, with all of the provincial chambers and many local organizations—to help businesses navigate.

These are proposals that came through the business community, and we decided to work with them. I announced just last week a collaboration with Shopify to help Canada's small businesses digitize. There are many proposals that come forward and do make their way to helping Canadians.

The Chair: We are going to have to end it there, Minister. I certainly want to thank you for appearing before the committee and answering our questions today. I'm sorry about the twists and turns in terms of the technology. Maybe you could speak to Minister Bains and tell him that we need broadband that works—and works well—right across the country.

With that, thank you very much, Minister.

We will suspend for a couple of minutes to bring on the last witness.

• (1710)

(Pause)

• (1715)

The Chair: We will reconvene and call the meeting to order.

Welcome to meeting number 50 of the House of Commons Standing Committee on Finance and panel number three of the day. We are meeting on government spending, WE Charity and the Canada student service grant. The meeting is being carried on the House of Commons website.

Our guest for this panel is Marc Tassé, senior adviser at the Canadian Centre of Excellence for Anti-Corruption, at the University of Ottawa.

Welcome, Mr. Tassé. I expect you have a few opening remarks. Then we'll go to a series of questions for about an hour.

Just to give MPs a heads-up on the lineup for questions, starting off will be Mr. Morantz, who will be followed by Mr. Fragiskatos, Mr. Fortin and Mr. Julian.

Mr. Tassé, the floor is yours. Welcome. Thank you for coming.

[Translation]

Mr. Marc Tassé (Senior Advisor, Canadian Centre of Excellence for Anti-Corruption, University of Ottawa, As an Individual): Mr. Chair, members of the committee, thank you for inviting me to speak at this hearing.

I am a chartered professional accountant and a forensic accounting specialist. Over the course of my career, I have investigated various cases related to allegations of corruption, fraud, financial misconduct and conflicts of interest. I also teach at the University of Ottawa's Faculty of Law and in the executive MBA program at the Telfer School of Management in the areas of corporate ethics and corruption.

In these times of crisis, the worst and best human behaviours are noticeable. As a result of the declaration of a state of health emergency, the abolition of certain internal control procedures for awarding contracts makes the federal government vulnerable to corruption, embezzlement, undue influence and fraud.

With the introduction of tens of billions of dollars in new federal aid programs, oversight and accountability are becoming unavoidable paradigms. Thus, alternative measures must be put in place to compensate for the revocation of certain internal compliance controls.

While rapid action is needed in times of crisis, maintaining an adequate level of due diligence at the supply chain level is essential to prevent corruption, fraud and other unethical practices. The reputation of the government and the credibility of programs depend on it.

It is important that the flow of money and the contracts associated with it be very transparent. This means making the information accessible to the general public. It is also important to always document the considerations that led to a single-source contract with a company or an organization.

To mitigate the impact of the risks of non-integrity and corruption, it is important to take a holistic approach in six stages.

First, integrity. Senior officials must ensure that the various players in the procurement process demonstrate integrity and adhere to standards of ethics, honesty, professionalism and righteousness. The issue is fairness, non-discrimination and compliance in the public procurement process.

Second, transparency. There must be full transparency in public procurement to promote accountability, ensure access to information and, above all, level the playing field so that small and medium-sized enterprises can compete on an equal footing.

Third, access. Access to public procurement by potential companies of all sizes is important to ensure the best value for money through fair competition. It is essential that companies that violate integrity and engage in corruption be punished and excluded. The deterrent effect is paramount.

Fourth, monitoring. With respect to the public procurement cycle, it is essential that it be monitored and overseen to support accountability and promote integrity. It is important that the effectiveness of the supply cycle can be measured by a system for analyzing

the risks of the process and its environment. This will allow the government to gain insight into new and emerging risks or alarm indicators that will allow it to improve its monitoring and oversight system.

Fifth are controls. Internal controls are firewalls and they avoid dangerous shortcuts. Whether we are talking about financial controls, internal audits or management controls, they must be carried out to ensure that legal, administrative and financial procedures are followed. More than ever, in times of pandemic and anti-corruption, we need harmonized internal control practices to ensure consistency in the application of procurement rules and standards across the public sector.

The sixth and final stage is due diligence. With respect to the pre-examination of the financial situation and governance structure of contracting entities, senior officials must conduct appropriate diligence that includes identification and verification of four key factors: the true shareholders, the governance structure, the legal structure of related organizations and, lastly, a detailed review of financial statements and other financial reports.

Moreover, in public contracts, the most basic caution requires that there be comprehensive justification and documentation of the decision-making process recommending the award of a non-tender contract.

• (1720)

When it comes to awarding a sole-source contract to an entity, it is crucial that some questions are specifically answered. Does the entity have impeccable probity? Does the entity have the technical skills? Does the entity have the human resources to carry out the mandate properly? Does the entity have a transparent legal structure? Does the entity have a stable governance structure? Does the entity have the financial stability to complete the contract?

Were audits of the entity's officers carried out prior to the award of the contract? Was the contract awarded in an emergency context? Were apparent, potential and actual conflict of interest issues assessed prior to the award of the contract? Is the contract guided by due diligence with respect to the department's interests? Is the contract typical of the relationship between a department and an entity? Does the contract include a clause relating to the ongoing monitoring of the ethics and compliance program of the entity under consideration to be retained? Does the contract include anti-corruption clauses? Lastly, was there a legal validation of the contract prior to its award?

These questions must be answered.

In closing, in this time of a global pandemic where wrongdoing can lead to reputationally damaging administrative or judicial action, the government must set an example and strengthen its reputation for integrity. The government and senior officials need to be more vigilant and strengthen structures to reduce the risk of favouritism and clientelism in awarding contracts.

Although emergency exemptions may be permitted to award sole-source contracts, they must be necessary and non-selective as they provide possible bypass routes for deviant actors.

Canada has an efficient, rules-based procurement system. We must simply use it properly and follow the rules.

[English]

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

We'll go to a six-minute round first, and then we'll have a couple of five-minute rounds.

Up first is Mr. Morantz, followed by Mr. Fragiskatos.

Mr. Morantz.

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

Thank you, Professor Tassé, for being here today. I found your opening statement just bang on. I think you've covered all of the right points. I wish I had more time so that I could go through them all with you.

I want to start with conflict of interest. You talked about how, essentially, because of the pandemic, the procurement rules that would normally apply did not apply. For reasons of speed, the government felt it was necessary to get these programs out the door. Wouldn't that be all the more reason for politicians in positions of authority, having a fiduciary duty, to make sure they were not in conflict with the Conflict of Interest Act?

For example, the Prime Minister recognized, in his testimony, that there were potential conflicts, but he chose not to recuse himself from discussion, decision, debate or even a vote in cabinet. The finance minister, we also know, has had similar problems, and he later came out and apologized.

What do you make of the fact that they did not recuse themselves in this case?

• (1725)

[Translation]

Mr. Marc Tassé: It is hard to offer an opinion on that because we do not exactly know what information was shared. I believe the Conflict of Interest and Ethics Commissioner might be able to answer that question. However, in my view, there is no question that we must always be transparent and disclose any potential, apparent or actual conflict of interest. It must be disclosed. It will be important to find out what information was shared.

[English]

Mr. Marty Morantz: On that point, actually, I'm glad you mentioned the word "perceived". Professor Arthur Schafer, from the University of Manitoba law school—he's a professor of ethics—

wrote a piece in The Globe and Mail recently, and there's a very on-point paragraph in his article. I'm going to read it to you. It says:

Conflict of interest does not require that bias actually occur, only that there is reason to fear that bias may be present. The risk of bias, not the exercise of bias, is what makes both our imaginary scenario and the WE Charity imbroglio real conflicts of interest.

Essentially, I think what he's saying is that even the perception of a conflict of interest should have been enough for both the Prime Minister and the finance minister to recuse themselves in all manner required under the Conflict of Interest Act.

Would you agree with Professor Schafer's assessment?

[Translation]

Mr. Marc Tassé: I believe so, yes. I believe they had to disclose that situation, that they believed they were in a conflict of interest, whether potential or apparent, and then get an opinion, likely from the Conflict of Interest and Ethics Commissioner, as to whether that was the case.

I agree with that. Did they actually ask for an interpretation and did they get it? Those are the two most important things when it comes to the perception of conflict of interest.

[English]

Mr. Marty Morantz: I note from your bio that you have some experience dealing with non-profit organizations. One of the peculiar things about this whole scandal is the fact that ultimately the government signed a contract with an organization that had no track record at all in terms of being able to administer that program. I think it falls also under the issue of due diligence.

What do you make of this, that the contract got signed with WE Charity Foundation? WE says they signed it with that company to limit their liability, but doesn't that speak to the lack of due diligence in government, which you touched on, over this matter?

[Translation]

Mr. Marc Tassé: With respect to due diligence, as you mentioned, I believe it was important for senior officials to gather the information and ask themselves whether the organization was able to deliver the expected result and whether the financial structure used made it possible to complete the project. In addition, it is important to know what their recommendations were and what they documented.

When it comes to due diligence, questions must be asked and documented. Whether or not a breach is determined will depend on the documentation submitted. Most senior officials are usually required to document their recommendations.

• (1730)

[English]

The Chair: This is your last question, Marty.

Mr. Marty Morantz: Okay.

The cabinet ministers we had on earlier today claimed that when they were deciding this during cabinet committee, for example, they weren't made aware of the fact that it was going to be WE Charity Foundation. They weren't aware of the problems with WE's financial statements and breaches of bank covenants and those kinds of things. What is missing in this process where the public service either knew or didn't know, but if they knew, they didn't bring these huge red flags to the attention of the decision-makers?

[*Translation*]

Mr. Marc Tassé: Once again, it all depends on what information has been shared. If people look at the contribution agreement and see the WE foundation's name on it, they must understand that the transaction involves that foundation.

I also believe that, if the matter has gone through the government's legal advisors, it is highly likely that they too have realized that it was not WE Charity, but its foundation. If so, I believe it would have been up to them to make recommendations and to ask the key questions I mentioned earlier, namely whether the entity with which we want to deal has the financial capacity and the legal structure required to carry out the mandate entrusted to it.

[*English*]

Mr. Marty Morantz: Thank you very much.

The Chair: Thank you, both.

Mr. Fragiskatos.

Mr. Peter Fragiskatos: Thank you, Chair.

[*Translation*]

Thank you for being here, Mr. Tassé.

[*English*]

I'm wondering what advice you would be willing to provide to the committee about the best kind of due diligence that can happen during a particular context. That context is emergency decision-making. I think it's fair to say that COVID-19 is precisely that sort of context.

Any thoughts that you might have on that would be appreciated.

[*Translation*]

Mr. Marc Tassé: Thank you for your question.

I believe that it is important to exercise due diligence, which involves a thorough review of all the particularities of contracts. You have to ensure the legitimacy, the capacity—that is always key—and the financial stability of the entities with which you are considering doing business. Those three important criteria should always be considered.

Furthermore, you need to look at the officers and their capabilities. In a situation of crisis, if you decide to award contracts directly, without going through the usual tendering process, you have to have procedures to compensate for that. You must therefore document as much information as possible, and all the existing information about companies, the simplest of which are their financial statements. You can check and confirm with certain agencies, such

as the Canada Revenue Agency, that companies are in good standing. That is very important.

[*English*]

Mr. Peter Fragiskatos: Thank you very much, Mr. Tassé. I take your points, but that would be prudent to do in a normal decision-making context. Are there particular safeguards you can point to during crises, during emergencies, that you would recommend?

I ask that because of the obvious point that whether it's public policy-making or anything else, whether in matters of politics or in life, when we are moving very quickly, mistakes are much more likely to happen. Can you offer anything on due diligence during specific times of emergency and how to put in place safeguards to guard against mistakes as much as possible? That's what I'm looking for.

[*Translation*]

Mr. Marc Tassé: Thank you for clarifying.

Once you agree that procedures are in place to ensure that the company has the necessary technical skills, you must also consider whether it has the necessary financial capacity.

Right now, many companies are going through a very difficult time financially. It is therefore important at this juncture to ask whether the company has undergone any major changes since the beginning of the COVID-19 pandemic, whether its financial structure has weakened and whether internal company controls have changed. In fact, we are seeing more and more companies lean toward resorting to non-traditional external financing.

Unfortunately, some studies show that criminal organizations tend to be the source of some of this kind of emergency funding. Abroad, and, these days, a little more in Canada, it seems that organized crime has infiltrated businesses that were quite legitimate and is using them to launder some money from non-legitimate activities.

The important thing is to find out whether a change of control or shareholders has taken place. Often, we deal with suppliers we have known and trusted for a very long time. However, even if they are the same people, it is important to ask them specifically whether or not they have sold shares or whether the shareholders have changed substantially.

• (1735)

[*English*]

Mr. Peter Fragiskatos: Thank you very much, Mr. Chair.

I have about a minute and a half remaining. I'd like to split my time with Ms. Dzerowicz, if I could.

The Chair: Ms. Dzerowicz, you're on.

Ms. Julie Dzerowicz: Thank you so much.

I want to say a huge thanks to Mr. Tassé. Thanks so much for being here with us. Your expertise is very impressive.

I will say to you that I think the comments you made are very important, but to what Mr. Fragiskatos mentioned, we were making fast and furious decisions during a pandemic. So when you were talking about sole-source contracts....

The reason I'm trying to clarify a few things is that any of the general public who are listening right now could be confused—there are so many details—and I want to make sure we're clear. The public service deliberately decided not to go the sole-source contract route because we didn't have time to do so. They were trying to implement a program, a volunteer service program, in a very short period of time, so they decided to do a contribution agreement.

Mr. Shugart, the Clerk of the Privy Council, has indicated the following:

[T]he contribution agreement in this case was typical of relationships between a government department and an entity. They are guided by principles of audit and of due diligence with respect to the interest of the Crown. This contribution agreement will bear scrutiny as typical of the mechanisms that have been approved by the Treasury Board and that have been used in the government for a very long time.

We've heard through many hours of testimony that there were lots of checkpoints and measurements before we actually paid into this contribution agreement. So we deliberately did it. It was not because we wanted to award a particular company; it was because of the situation that was at hand.

Do you have any experience with Government of Canada contribution agreements? Have you actually studied them? Do you have any comments on that?

[*Translation*]

Mr. Marc Tassé: I actually have had the opportunity to study a few of them.

During a pandemic, it is always very important to consider what additional procedures you plan to adopt. These depend on a company's organizational structure and financial status.

You said earlier that normal procedures had been followed. One must be careful, however: in times of crisis, not only are normal procedures needed, but perhaps enhanced procedures are as well.

There is a concept called enhanced due diligence; meaning that certain important factors need to be confirmed. Some risks are inherent to a company, and the two major ones in times of crisis are very often the company's financial capacity and its organizational structure.

So this must be emphasized in the contracts. If a contract is awarded very quickly, these questions must be asked: whether the company is financially capable of carrying out the work, whether it has the organizational structure needed, and whether the agreement protects the government.

[*English*]

The Chair: Thanks, both of you.

We'll go to Mr. Fortin for six minutes.

[*Translation*]

Mr. Rhéal Fortin: Thank you, Mr. Chair.

Mr. Tassé, thank you for being here today. I heard your testimony on the importance of doing proper due diligence. As I understand it, this must be enhanced during a pandemic, when things are being done more quickly. In a case like this, no tendering was done, as has been pointed out, because the government felt it did not have the time to do it. I am not sure about that, but that is what we were told. So they moved more quickly. My understanding is that due diligence would have been more important in this case.

The ministers whom we have questioned to date and who approved this agreement never saw a due diligence report. They all told us that they had assumed one had been done.

Do you find that disturbing?

• (1740)

Mr. Marc Tassé: It is questionable, and surprising. Were there any other communications that might have made up for the gap? That remains to be seen. The information certainly would have been necessary to make an informed decision.

Mr. Rhéal Fortin: According to some of those ministers, at least according to one who made it clear today, the contract we are talking about was signed by the federal government on the one hand and by a legal entity called the WE foundation on the other. The ministers tell us that they had done business with WE Charity. However, it seems that WE Charity is a shell, in legal terms, a company, a corporation that is separate from the WE foundation. The dates of incorporation and the officers are not the same for the two organizations. The minister told us that, in her mind, the agreement she was approving was with WE Charity.

I will not ask you whether that constitutes a defect in consent that would be grounds to have the contract annulled. Since we are dealing with the cabinet, I refuse to believe that a judge would tell us these individuals are not competent to make a decision of this kind.

With respect to the lack of due diligence, could we say that this is a case of carelessness or gross negligence?

Mr. Marc Tassé: We need to see what the senior officials who handled the matter have to say about it. When we talk about enhanced diligence, that means being diligent about the entity with which we want to sign a contract, as well as all the other entities attached to it. In any event, they should have done due diligence on all the companies attached to WE Charity, including the WE foundation. They should then have issued their recommendations based on that due diligence and submitted them to the minister.

It is indeed surprising that the minister was not aware of it. However, we need to see what information was communicated and in what form.

Mr. Rhéal Fortin: Thank you.

Let's talk about the tendering process, Mr. Tassé. We are talking about \$43.5 million in fees to manage grants. Originally, the amount was supposed to be \$300 million, then it was \$912 million, and now we are talking about \$500 million. It is no longer clear how much is involved. That said, they were supposed to manage some amount over \$500 million in grants and be paid \$43.5 million for it. To me, that is a major contract.

Based on your experience, would you say that this type of contract is normally subject to a tendering process? If not, under what circumstances can one bypass the process?

Mr. Marc Tassé: Again, I will tell you that it depends on how urgent it was at the time. It has been said that WE Charity was the only supplier that could meet the technical requirements at that time. But when you are dealing with a single supplier, you have to check their financial capacity and their governance structure. You cannot simply argue that only they can manage the project because they have the technical expertise to do so. Technical expertise is one of many criteria. In a pandemic like the one we are currently experiencing, financial capacity is crucial.

Mr. Marc Tassé: Yes, we are certainly talking about due diligence...

[English]

The Chair: This will be the last question, Mr. Fortin.

Go ahead, Mr. Tassé.

[Translation]

Mr. Marc Tassé: Thank you.

Yes, we are talking about due diligence here without necessarily going as far as enhanced diligence.

I believe there were actually many red flags. Every one of the flags had to be documented. That is very important. You cannot just look away and say, "it is okay, we are in a hurry." No, each of the flags you listed must be documented. You must do the work, asking for additional guarantees or other explanations. You have to do the work, document it and disclose it.

• (1745)

Mr. Rhéal Fortin: Thank you, Mr. Tassé.

[English]

The Chair: Thanks, both of you.

Now we have Mr. Julian, who will be followed by Mr. Cooper.

[Translation]

Mr. Peter Julian: Thank you, Mr. Chair.

Mr. Tassé, thank you for being here today. It is very important. We hope that you and your family are staying safe during this pandemic.

You have accurately described the principles around integrity, transparency, access, monitoring and controls, which are major indicators of sound administration.

My first question is about the role of lobbyists.

Whether we are talking about Canada or another country, when an organization or a company representative meets with a minister or their chief of staff, does it matter if that person is registered as a lobbyist so that it is very clear what type of relationship they have?

Mr. Marc Tassé: I think so, if the goal is to seek contracts. I would even say that it is a requirement. The idea is not that it would be good to be registered as a lobbyist, it is actually a requirement to be registered and to declare the purpose of the meeting as such.

Mr. Peter Julian: Thank you very much, Mr. Tassé. That is one of the things that have come out in the last few days.

You talked about all the various issues related to transparency. When a government gives contracts, is it important that this be done in a transparent and accessible way for everyone and that all non-profit organizations or all businesses be able to submit their bids for a program like that?

Mr. Marc Tassé: Yes, transparency is one of the fundamental rules.

First, the information must be documented and gathered. Then, it must be circulated, meaning to ensure transparency. We must not disclose only the information that we deem favourable to our decision, we must disclose all the information. So transparency is crucial.

Mr. Peter Julian: Okay.

In addition, people who manage other not-for-profit organizations, not just a few people who have that knowledge, might be able to bid.

Mr. Marc Tassé: Yes, of course it is always better.

That is why we said that we issued an open call for tenders. It is therefore open to everyone.

Earlier, I talked about accessibility. It must be accessible to the majority of businesses that have the minimum necessary qualifications.

Mr. Peter Julian: Okay.

You have a very broad experience in terms of jurisdictions in North America, but also globally. Looking at the work you have done, one of the things I gather is that it is important to comply with standards.

The program we are examining has actually violated various standards, such as labour codes, minimum wage codes, but also the codes of ethics for teachers.

In terms of the integrity of a program, how can a government act to ensure that it is in compliance with all the standards and other legislation, be they provincial laws or the codes of ethics in place for those affected by the program?

How can we establish something that does not violate any laws or standards?

Mr. Marc Tassé: We can do so by implementing what is called an integrity program.

An integrity program is a program that includes compliance in particular. That would make it a compliance program. It is a matter of identifying all the rules and procedures that apply both nationally and internationally. Then, the various risks are assessed, and procedures are put in place to ensure that significant risks are controlled. Controls and procedures are then put in place.

However, once again, in times of crisis, things are always a little different. Nonetheless, if procedures are not followed, the reason why they were not followed and the potential consequences should be documented.

A risk assessment should always be done. So that's part of the risk assessment.

• (1750)

Mr. Peter Julian: That's what the real problem is. That's why the committee is studying this program in depth, because there does not seem to have been any risk assessment or due diligence of the program. But in terms of monitoring and control, you said that it is essential to have all those due diligence processes in place.

In your presentation, which was very good, by the way, you also mentioned that, if we don't follow those processes, dangerous shortcuts may be taken like the ones in the cases you're aware of.

In your opinion, in the case of WE, did the government take dangerous shortcuts?

Mr. Marc Tassé: Unfortunately, it is difficult for me to answer that question because I do not know whether shortcuts were actually taken. I only know what was communicated by the media and I did not have the opportunity to see the documentation that was submitted in support of that decision. So I would not venture to say that shortcuts were taken.

[English]

The Chair: This is your last question, Mr. Julian.

[Translation]

Mr. Peter Julian: Thank you, Mr. Chair.

Here's my last question. When a government awards a contract to an organization, is it important to evaluate the internal workings of the organization? As we know today, WE had financial problems. Its board of directors had asked to see its financial statements, but its members were fired.

How important is it for the public administration to evaluate the organizations with which it does business, as well as their internal operations, in order to ensure that we avoid dangerous shortcuts, as you mentioned?

Mr. Marc Tassé: That is very important. The risk is inherently very high and we must protect the money that comes from the departments. So if a company is in financial difficulty, it is important to know the reasons and the financial controls in place to protect the money that is going to be transferred. This will ensure that it will be used to carry out the required tasks and that the project can be completed.

The risk is really very high. In such cases, we usually ask for more information, ask questions, validate the answers, and seek additional assurances. For example, we ensure that governance is

characterized by transparency and information sharing, and that competent people sit on the various governance committees.

[English]

The Chair: Thanks, both of you.

We now have Mr. Cooper, who will be followed by Mr. Fraser.

Mr. Michael Cooper: Thank you, Mr. Chair.

Thank you, Professor Tassé, for your testimony.

When you elaborated on the issue of due diligence, I jotted down some notes. I believe you cited four cornerstones, including who the beneficial owners are, the legal structure, the governance structure and a detailed financial analysis.

Did I get that right?

[Translation]

Mr. Marc Tassé: You are right. The four elements to be checked are: the ultimate beneficial owners; the governance structure of the entity being approached for the contract; the legal structure of the organizations related and attached to the entity; and the detailed content of the financial statements and other financial reports of the entity.

Audited and consolidated financial statements are often requested. This is something I would like to bring to your attention. It is important to have consolidated financial statements, especially in the case of a number of related businesses that conduct transactions with each other. When we get consolidated financial statements, we remove intercompany transactions to have a more realistic picture of the various entities with which we want to do business.

• (1755)

[English]

Mr. Michael Cooper: Okay. Thank you for confirming that.

We've heard a lot of talk about due diligence, but when it comes to identifying the beneficial owners and the legal structure, the fact is that it was a real estate shell company, the WE Foundation, rather than the WE Charity. When we look at governance, we see that the board of WE Charity was in a state of chaos, with the chair of the board and more than half of the board resigning proximate to the time of the contribution agreement. Also, then, there's the fact that there was no understanding whatsoever of the financials and no understanding that the WE Charity had been in breach of their banking covenants.

Could you not argue that this is a sort of textbook case of what not to do when it comes to due diligence?

[Translation]

Mr. Marc Tassé: Once again, I cannot answer that question, because I have not seen the information that was gathered, the information that was communicated, as well as the conclusions reached. So that would be speculation on my part. Unfortunately, therefore, I cannot answer.

Having said that, I would be very curious to know the justifications and the evidence provided in support of the file to justify the rationale behind our decision.

[English]

Mr. Michael Cooper: Maybe you could elaborate on why some of those factors are so important. They seem self-evident, but yet, based upon some of the questions of my Liberal colleagues, who seem to minimize issues around due diligence, and the excuses that have been offered by ministers and in media interviews that I've done with some of my Liberal colleagues, these things consistently are downplayed. Instead, they cite the contribution agreement. They note that there's a right to audit. They note that there's an indemnification clause. They note that there's an insurance clause. They say that's all we needed to know.

What do you say to that?

[Translation]

Mr. Marc Tassé: I emphasize that the four elements I mentioned are an essential part of due diligence. They are important factors because, in times of crisis, when companies are in financial difficulty, there can be changes in ownership. The government may enter into a contract, thinking it is doing business with a certain person, but in the weeks or days prior to that, the company has changed ownership. That is very important. We also have to check whether money is owed to outside lenders that the government would not necessarily want to be associated with.

Third party vetting ensures that these factors are investigated. It is important to see which third parties are attached to the entity with which a contract is being considered.

[English]

The Chair: You can have a last quick question, Mr. Cooper.

Mr. Michael Cooper: I would just submit, Professor Tassé, that your testimony has been very helpful. You correctly noted that you just can't hurry a contribution agreement—but I guess you can if it's a matter of rewarding your friends.

Thank you, Mr. Chair.

The Chair: I don't think there's an answer to that, unless Mr. Tassé wants to go ahead.

Mr. Fraser, you have the floor.

Mr. Sean Fraser: Thank you, Mr. Chair.

I want to start with the issue of the various entities that were involved in the contribution agreement. Specifically, I'll touch on the issue that Monsieur Fortin put forward. He made the suggestion, I believe, that there was gross negligence at play. For what it's worth, I've published on the issue of gross negligence in the atmosphere of the Alberta energy sector, and this ain't it.

The issue I want to flag with you and get your thoughts on is really the role of the WE Charity Foundation. From testimony we heard on the public record before this committee, the reason that the structure of the agreement was as it was, involving the foundation, was specifically due to the fact that the civil service asked WE Charity to bear the liability for the administration of the Canada student service grant. WE Charity responded by saying that they were not willing to take that risk entirely on themselves unless they could set up a foundation through which the contract would be delivered, specifically to avoid liability. You can imagine that if a student gets injured or something during one of these placements, who will they be trying to recoup their losses from?

After they made that proposal in response to the civil service, the civil service accepted it and then made the recommendation to the cabinet that the contract ought to proceed in that manner, with full knowledge of the structure that had been agreed to by the parties. Given the nature of the conversations and deliberations that would have taken place, and the advice of the civil service with full information, would you have had a problem with that kind of structure or arrangement to deliver a program such as the Canada student service grant?

• (1800)

[Translation]

Mr. Marc Tassé: Once again, it is difficult for me to express an opinion, because I did not have access to that information. Right now, I am basing my opinion on what you are telling me.

Personally, if I had a question, I would ask what processes would have been followed if we had not been in a pandemic. If it was the same program, what processes were followed because we were in a pandemic and what diligence was not applied, either because there was a time constraint or because it was not possible because of the COVID-19 pandemic. I think that would answer all your questions.

We need to determine whether both parties and their legal representatives understood the contract in question in the same way. It's important to find out how the senior officials understood the contract, how they documented it, how they concluded that due diligence had been done, and how—

[English]

Mr. Sean Fraser: Monsieur Tassé, if I may, I think there are two distinct issues at play. I apologize for interrupting, but I think you were actually giving the answer to my second question, which I haven't asked yet.

The first question touches on the relationship between the various legal entities as a strategy to manage risk. Different members of the opposition have tried to make hay out of the fact that there was some confusing arrangement among various structures, such as the ME to WE social enterprise, the WE Charity, and the WE Charity Foundation.

The question I posed to you was simply whether there would be a problem, from your perspective, in using the WE Charity Foundation as an entity that was specifically created to limit the liability of the WE Charity for administering the program. This is not a question about due diligence that should have taken place—which is the subject of my next question, if I get there—but simply whether the structure of using the WE Charity Foundation was inappropriate, from your perspective, given that the civil service's recommendation was informed with that full information.

[*Translation*]

Mr. Marc Tassé: I liked what you said at the end of your remarks. However, since I don't have a lot of information, I cannot comment on it. We can certainly ask ourselves many questions, but we can only speculate on that until we see the documents that supported the decision. Unfortunately, we cannot give an opinion based on mere speculation.

[*English*]

Mr. Sean Fraser: Sure.

For what it's worth, members of this committee had the benefit of hearing live testimony, for which you of course were not present. We may be operating with an information asymmetry in today's hearing as well, which I appreciate.

The second question, which I know you have an opinion on because you started to answer it, touches on the due diligence that maybe should have taken place in advance of a contract award. One of the features that we heard was built into the contribution agreement—again, from the testimony by different ministers and the Clerk of the Privy Council as well—was that certain funds were to be released and flowed through to the entity delivering the program only when certain key performance indicators were met. This builds on my colleague Ms. Dzerowicz's line of questioning.

Despite the fact that you may have reservations about what level of due diligence could have or should have taken place, which you'll need to see documents for, I'm curious to know if you think that a feature of a contribution agreement that allows money to be released only once key performance indicators are met offers an additional layer of protection that could prevent abuses by a company that had a different arrangement, such as a true sole-source contract, say, through which it had an upfront cheque. Whether they performed or not, they could abscond with the money.

Do you think the requirement for certain key performance indicators to be met actually provides a level of protection for taxpayers' dollars in this instance?

• (1805)

[*Translation*]

Mr. Marc Tassé: Once again, it is difficult to give a clear and precise opinion on that. Perhaps the important thing is to look at the procedures that were applied, those that were not applied because of the COVID-19 pandemic, and the professional judgment of the person who made a decision based on information they found satisfactory.

[*English*]

The Chair: Okay. We'll have to wrap it up there.

Hon. Pierre Poilievre: I have a point of order, Mr. Chair.

The Chair: What's your point of order?

Hon. Pierre Poilievre: I do have a motion to introduce. I think my staff has just given you the notice of it.

The Chair: I haven't seen it. You might have given it to the clerk.

That's not really a point of order, but what's your motion?

Hon. Pierre Poilievre: All right. Thank you very much.

It is as follows: “Whereas the Prime Minister shut down Parliament in March; whereas a modified and limited parliamentary committee of the whole has only met five times in the last two months, most recently today, August 12, 2020, from which the Prime Minister was absent to take a “personal day”; whereas his absence meant he could not answer questions about his \$500-million grant he made to a group that had paid his family more than \$500,000 in fees and expenses; whereas the Prime Minister has taken off 20 days in six weeks, meaning nearly half of the calendar days have been days off—”

The Chair: Mr. Poilievre—

Hon. Pierre Poilievre: I'll just conclude now.

The Chair: Yes, but is your motion on the business that we're doing?

Hon. Pierre Poilievre: Yes, it is.

The Chair: That preamble certainly isn't.

Hon. Pierre Poilievre: It is, and here it is. It's that “The House of Commons Standing Committee on Finance calls on the government to suspend the Prime Minister's pay until he returns to work and takes questions in Parliament.”

The Chair: I really don't think that motion is in order. I'll have to defer to the clerk, but I don't think it relates to the business of this committee, so I'm ruling it out of order.

Hon. Pierre Poilievre: Well, Mr. Chair, if I may, it does relate to the business of this committee because of the “whereas” referring to the \$500-million grant to WE. That is a COVID grant that was authorized under COVID spending, for which this committee has been given the exclusive authority.

Furthermore, pay for members of the government is a financial matter.

The Chair: Mr. Poilievre—

Hon. Pierre Poilievre: This is the finance committee, so it is very much in order.

The Chair: Mr. Poilievre, I'm not going to argue with you. It may be a motion that could be put in Parliament, but as to the business of this committee, I am ruling that motion out of order.

Are we ready to adjourn?

The meeting is adjourned.

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