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• (1305)

[English]

The Chair (Mr. David Sweet (Flamborough—Glanbrook, CPC)): I call the meeting to order. Good afternoon, colleagues.

Now that I've had a couple of months of experience, I think that if you begin your sound check with “She sells seashells down by the seashore”, you'll probably get the best result, because apparently the “s” sound is the most difficult.

Merry Christmas. *Bonne année*. We're all hoping for a better 2021.

I apologize. I ran into some colleagues, and apparently I'm the grinch who stole Christmas, because all the other committees have adjourned for today.

Let's have an efficient meeting and one where we will be collegial in the Christmas spirit.

We have a little business to clear up at the end of the meeting. I don't know if we'll need to go in camera, but we will if we need to. For now we're going to continue on with our two panels.

Our first witness is Simon Kennedy. He's the deputy minister for Innovation, Science and Economic Development Canada.

Mr. Kennedy, I think you've already been informed that you have have up to seven minutes for your opening remarks. I think you know the drill. Then we will have questions and answers.

Please commence.

Mr. Simon Kennedy (Deputy Minister, Innovation, Science and Economic Development Canada, Department of Industry): Thank you very much, Mr. Chair. I'll just pull up my opening remarks. I'll be very brief here.

Thank you very much for the opportunity to appear before you today. It is my pleasure to appear before this committee as it studies issues of conflicts of interest and the Lobbying Act in relation to pandemic spending.

[Translation]

Just as all departments have been called on to protect Canadians and our economy during this extraordinary time, Innovation, Science and Economic Development Canada, ISED, has been hard at work, doing its part to help deliver a strong, immediate and effective response.

The integrity and commitment displayed within ISED as we develop and implement pandemic programming has been exemplary.

[English]

For example, the government's call to action to Canadian industry attracted more than 6,600 companies, all offering their expertise and capacity to help combat COVID-19. I believe the ministry that I'm in charge of moved swiftly to work with these companies. In fact, in a very short period we went from sourcing barely any of our personal protective equipment domestically, for example, to sourcing approximately 40% of the total value of COVID-19-related PPE contracts in Canada.

This is a significant pivot by Canadian industry, and we were very proud to help facilitate that by shifting the focus, for example, of our business innovation programming to concentrate directly on COVID-19. I'm talking here about programs such as the strategic innovation fund, the innovation superclusters, Innovative Solutions Canada and the National Research Council's industrial research assistance program. With all hands on deck, we aimed to expedite the evaluation and approval of projects so that they could get off the ground quickly to address the most urgent issues.

Without a doubt, the groundwork that we laid in previously establishing collaborative innovation programs really set us up to respond quickly and successfully. Of course, the best way to end this pandemic is with a safe and effective vaccine and related medical countermeasures, and so, Mr. Chair, we solicited the participation of industry and identified medical experts to lead independent task forces for vaccines and therapeutics respectively. In doing so, we gained insight into very technical subject matter and received invaluable advice as the government moved to fund related projects in a timely manner.

I'd like to commend my own staff for their action in securing access to needed supplies and working with colleagues in other ministries to secure access to vaccine candidates for Canadians.

[Translation]

Mr. Chair, in all of these instances, Innovation, Science and Economic Development Canada and its officials acted with transparency, extending assistance and offering solutions to the greatest challenge any of us have faced in our lifetime.

I can say with confidence that it has been—

Ms. Marie-Hélène Gaudreau (Laurentides—Labelle, BQ): Mr. Chair, I must raise a point of order.

There is no more interpretation.

[*English*]

The Chair: Sometimes that happens, Madam Gaudreau. We'll make sure that the channels are corrected.

[*Translation*]

Mr. Simon Kennedy: I'm coming to the end of my opening remarks, Mr. Chair.

[*English*]

It's a pleasure to be with all of you. I will conclude my remarks there, and I will be very happy to answer your questions.

Thank you.

The Chair: Thank you, Mr. Kennedy. We're working on translation now. We'll go to our first questioner as we're working on it.

Mr. Warkentin, you have the floor for six minutes.

Mr. Chris Warkentin (Grande Prairie—Mackenzie, CPC): Thank you, Mr. Chair.

Mr. Kennedy, have you met with Mr. MacNaughton?

Mr. Simon Kennedy: I attended a meeting at which Mr. MacNaughton was present, but I did not actually speak with or correspond with Mr. MacNaughton. I was at a meeting that he was at, yes. I was invited there by colleagues for a demonstration of software.

Mr. Chris Warkentin: You were there to witness the meeting. What was the date of that meeting? Was it April 3?

Mr. Simon Kennedy: I'm just looking at my notes. I attended a meeting on April 3 for 45 minutes. It was a Zoom call, one of these video conferences, with a number of other people. It was hosted by Palantir. Mr. MacNaughton and a number of his colleagues were in attendance.

Mr. Chris Warkentin: At the height of the concern about the pandemic spreading into Canada, your department was dropping everything to meet with Palantir.

What was the nature of that meeting?

Mr. Simon Kennedy: Perhaps I could provide a bit of context, as it might be helpful.

Mr. Chris Warkentin: I only have six minutes, so I'd like to know exactly what the—

Mr. Simon Kennedy: I'll be brief, but it's directly relevant to your question.

One of the things we did in responding to the pandemic was to have a call to action for Canadian industries and companies that wished to help out. In that call, almost 200 digital service firms and software firms, large and small companies, large multinationals, and SMEs, stepped forward and made offers to provide assistance pro bono. Palantir was one of these large companies that stepped forward.

We actually met with more than 60. In fact, there were so many offers that I actually designated a couple of staff to just follow up with each of the groups that came to us. For example, when I was initially contacted by Palantir, I passed it off to this group that I had created. We were actually meeting with many firms, and not just software companies, but manufacturing operations and other organizations, and even distilleries that wanted to make hand sanitizers.

The attitude was “leave no stone unturned”. If companies were coming and saying they thought they could offer something, we certainly were willing to hear them out. That's what we did with Palantir. I and my staff attended a meeting with some of the staff from Palantir to assess their offer.

● (1310)

Mr. Chris Warkentin: This is what concerns a lot of Canadians: that while there were hundreds of companies prepared to step up and help, it seemed that Mr. MacNaughton got special access. He was able to leapfrog from simply being a person who inquired, as hundreds if not thousands of companies did, to a point where he was meeting with you and other senior executives within your department.

Was Mr. MacNaughton at that meeting, and did you know he would be at that meeting when it was first initiated?

Mr. Simon Kennedy: I certainly checked my records. I knew I would be getting questions about this. He was on the invitation list, among a number of other people who would be at the meeting. Yes, it's fair to say that I would have known he would be there.

If I could just indicate—

Mr. Chris Warkentin: Were you or members of your department aware that he was, at that point, the former ambassador?

Mr. Simon Kennedy: I was aware that he was a former ambassador, absolutely. How could I not be?

Mr. Chris Warkentin: That is, I guess, the concern. Not only did you know that he was a former ambassador but that he would be required by the ethics code to refrain from lobbying. You were aware of that, as everybody within government would be aware.

Why was he invited to lobby when everybody around the table knew he was violating the provisions of the code and the act?

Mr. Simon Kennedy: I have to go back to what I said earlier. We had many thousands of firms contacting us. It was our practice, when firms contacted us offering help, to take that at face value and have an initial meeting.

We had an initial meeting with Palantir—

Mr. Chris Warkentin: Even if it was prepared to break the rules, you were prepared at that point to break the rules.

Mr. Simon Kennedy: Mr. Chair, those questions are best directed to Mr. MacNaughton and his colleagues. I was not invited by Mr. MacNaughton. I attended a meeting that was suggested by Palantir. At the conclusion of the meeting, we actually told Palantir that we did not think that its software had use for us. I directed Palantir to private sector players in the industry, because its proposal actually seemed too sophisticated for the kinds of needs we had.

We took a courtesy meeting, as we did with dozens of other companies in the specific software and digital services space. We told them at the end of the meeting, “Thank you very much”, but that we did not really see any utility for their particular offer and we directed them on their way, as we have done with many other companies with which we met.

Mr. Chris Warkentin: Did anybody at the meeting, at either the staff level or the members who were at the meeting, ever elevate concerns about the conflict of interest concern with regard to speaking directly to Mr. MacNaughton, knowing his former position?

Mr. Simon Kennedy: I was at a meeting to see a demonstration of this company's software. We did not have a discussion about doing business with the company. It was to understand more about their capabilities—

Mr. Chris Warkentin: There were thousands of companies that were ready to step up. How is it that he got onto the short list?

Mr. Simon Kennedy: Madam Chair, maybe I could just reiterate that there was no short list. We actually made a practice, including for those thousands of companies I mentioned, of being systematic in getting back to each one with a phone call or some sort of return engagement. We met with, I think, probably more than 1,000 of the 6,000 directly. At the end of the day, obviously only a smaller number would have actually done business with the government, but it was our practice to meet everybody to get a sense of what their capabilities were.

At the end of the day, I participated in a brief meeting with Palantir, where we politely told them that they didn't have anything to offer us.

The Chair: That's all the time we have, Mr. Kennedy. Thank you very much.

Mr. Kennedy, by the way, I'm not offended whatsoever, but just for the blues, maybe you should call me Mr. Chair rather than Madam Chair, and then that way there would be some—

• (1315)

Mr. Simon Kennedy: I'm sorry—

The Chair: It's okay. It's all right.

Mr. Simon Kennedy: I'm looking at the clerk on the screen.

I apologize, sir, absolutely.

The Chair: All I'm saying is that the transcript people will get confused. That's all.

Mr. Simon Kennedy: Yes, sir. I'm sorry about that.

I was looking at the clerk. My apologies.

Thank you, Mr. Sweet.

The Chair: As I said, I'm not offended whatsoever.

Mr. Simon Kennedy: No, but you could be if you wished to be. I apologize.

The Chair: That's okay.

That's all the time for that questioner.

Now we will go to Mr. Sorbara for six minutes.

Mr. Francesco Sorbara (Vaughan—Woodbridge, Lib.): Thank you, Mr. Chair.

Welcome, everybody. Welcome, Deputy Minister Kennedy.

It is Friday afternoon, the last day of sitting, and the ethics committee is definitely doing its job today.

Mr. Kennedy, first of all, how long have you served as deputy minister in your role at ISED?

Mr. Simon Kennedy: I have been in this role at ISED, Mr. Chair, just over a year. It's my second term in the department. I was a senior associate deputy minister in the department about 10 years ago or so, so it's about three years and a bit in total, but it's one year in this particular role.

Mr. Francesco Sorbara: Thank you.

Thank you for your service in this most unique and extraordinary period of time that our country faces and the world faces.

You indicated in your opening remarks that there's a strong relationship between the private sector and your department, and that ISED's ability and willingness to engage with businesses is critical to ISED's ability to deliver on its mandate. Can you expand on this and tell us what changed during the pandemic? For example, the SIF program changed from one mandate to another. If you can explain that, it would be great.

Mr. Simon Kennedy: I would say that ISED's role is one that involves extensive engagement with industry. In addition to working directly with firms, for example, to help them with the development of technology to support their business plans, we also have to engage with firms regularly to better understand Canadian industry, so that, for example, if there's a crisis or if something happens, we will have knowledgeable civil servants who know the companies, know the management teams and have a sense of the financial strengths and capabilities of the firms. That's important information that the government might need.

In the case of the pandemic, as an example, we were able to bring some of that expertise to bear in a couple of ways. One is that we have a variety of programs to assist industry, not just in my ministry specifically but in the broader portfolio, the ISED portfolio. We have the industrial research assistance program, which I think many members would know about, that is run by the National Research Council. We have the strategic innovation fund, which is run by my organization. We have Innovative Solutions Canada. We have a whole host of programming that supports business.

A lot of that programming had to be adjusted rapidly and pivoted because of the pandemic, for a couple of reasons. For example, there are firms that receive repayable contributions. We make a significant contribution to them to develop a new business line or a new technology, but then if that's successful, they will repay the Crown. They will repay the taxpayer over time. We may have had to adjust the schedule of repayments, because some of those firms are facing serious financial issues.

The bottom line may be—I know you may wish to ask other questions—we actually deal with business as a matter of routine day in and day out across a wide range of areas. I personally speak to a lot of business people and receive solicitations and requests literally daily, and that's just part of our—

Mr. Francesco Sorbara: Perhaps I will ask a quick follow-up question on your remarks today.

Is it practice that within the department, you consult with stakeholders on relevant legislation and government programs that you may be considering?

Mr. Simon Kennedy: Yes, I would say that's practice. Sometimes that might be informal; you're just taking a sounding. Other times, we will have formal consultation and we'll put a paper out. That's very much routine.

Mr. Francesco Sorbara: Since the pandemic began—effectively at the beginning of the year—and the government rolled out a number of emergency programs to help Canadian workers and Canadian businesses, would you say lobbying has increased in your department?

Mr. Simon Kennedy: Unquestionably. By the nature of our organization, we are lobbied extensively. If you look at the lobbying commissioner's reports, you'll see that ISED is always near the top of the list. Certainly our engagement with industry has gone up even higher during the pandemic. The member's conjecture is probably accurate. There has probably been an actual intensification of our engagement since the pandemic.

However, I'd maybe just mention to members that we're already an organization that deals extensively with the private sector and gets lobbied frequently.

Mr. Francesco Sorbara: Okay.

To follow up, on the SIF program, can you elaborate on how that program was transitioned or pivoted to assist in getting PPE or specialized equipment and worked with Canadian companies to ensure that Canadians were kept safe during the pandemic?

● (1320)

Mr. Simon Kennedy: The government announced additional funding for the SIF to support the government's efforts to respond to COVID-19. A number of very large investments have been made through SIF. I can give a couple of examples.

Mr. Francesco Sorbara: Sure.

Mr. Simon Kennedy: One would be Medicago, of Quebec City. Medicago is a Canadian vaccine company with a very promising vaccine. They received a contribution of \$173 million through the SIF program to build out domestic biomanufacturing capacity. There have been other investments such as that through SIF.

The other thing was that we worked very closely with all our existing clients who have received SIF contributions, basically to try to protect the Crown's investment and make sure those companies were able to bridge to the other side. We would look at their repayment schedules. We would look at whether they were experiencing financial distress and how we could maybe adjust their agreements so that they could bridge to the other side of the pandemic.

SIF has pivoted to focus on support for large-scale biomanufacturing and production of materials needed to protect Canadians. We have also pivoted some of the way we administer SIF to try to provide relief to companies so that, frankly, a government program isn't part of the reason they might be facing solvency problems.

The Chair: Thank you very much. That's all the time you have.

Mr. Francesco Sorbara: Thank you, Deputy Minister.

The Chair: Mr. Kennedy, we swim in an ocean of acronyms, but there might be a small cadre of people listening.

Could you tell us what “SIF” is an acronym for, please?

Mr. Simon Kennedy: Yes. I apologize. It's the strategic innovation fund. It's our major industry support program.

The Chair: Thank you very much.

[*Translation*]

Ms. Gaudreau, you have the floor for six minutes.

Ms. Marie-Hélène Gaudreau: Good morning, Deputy Minister. It is a pleasure to have you here this Friday.

Let me explain what my next questions are about. By way of context, I will tell you that I am a newly elected official, and that I have done my homework, of course. I have learned a lot about rules and laws as a member of the Standing Committee on Access to Information, Privacy and Ethics.

There are a lot of constraints in life. We must be extremely vigilant, in times of pandemic as well as in any other emergency situation.

For example, I used to tell my children that even in an emergency, there has to be a good reason for choosing to cross the street when the traffic light is red. Otherwise, you're in danger of having an accident.

I have no doubt about your professionalism, but it is important for me to shed some light on certain aspects. My questions are aimed at increasing my knowledge.

From what I understand, you knew that Mr. MacNaughton was a former public office holder. Is that correct?

Mr. Simon Kennedy: Yes, of course. He was Canada's ambassador to the United States.

Ms. Marie-Hélène Gaudreau: Are you familiar with section 33 of the Conflict of Interest Act, which deals with post-employment?

Mr. Simon Kennedy: I know that there are constraints for former public servants with respect to lobbying.

Is this what you are talking about?

Ms. Marie-Hélène Gaudreau: We're talking about the orders, specifically.

Do you know that section of the law well?

Mr. Simon Kennedy: I am aware of the different rules, but, honestly, I don't know all the sections by number, and I would need to have the document on hand. However, I understand what you are talking about.

Ms. Marie-Hélène Gaudreau: Your role is very broad. Commitments are made, among others, with representatives of the private sector. What I would like to know, always with a view to helping our fellow citizens in Quebec and Canada, is what due diligence measures have been put in place by the department to process supply contracts. I would like you to give me details.

• (1325)

Mr. Simon Kennedy: We have very rigorous processes for contract due diligence.

An internal team is mandated to review each contract. Before proceeding and awarding a contract, this team verifies all legal requirements and conflict of interest issues, among others. We have established internal financial controls to ensure that due diligence processes are followed in the department prior to signing. All of this is overseen by our chief financial officer, who is a member of my team in the office that manages the contracts. The largest contracts are reviewed by a separate committee.

Before a contract is signed, it is subject to a range of processes and checks. At the end of the day, we recognize the importance of good stewardship of taxpayers' money.

Ms. Marie-Hélène Gaudreau: We know that in a crisis situation, you have to make very quick decisions and be as clean as a whistle—if I may put it that way—when it comes to taxpayers' money, as you said.

In your opinion, is the due diligence that is being done in your department sufficient? In principle, if everything had been checked in the process, there would not have been an order.

Mr. Simon Kennedy: I'm comfortable saying that our processes are working well.

Even in an emergency situation, such as a pandemic, we always apply the rules. There is no question of disregarding them. From time to time, it may be necessary to make decisions based on less information than normal. For example, when the crisis began, we didn't know what the next day would bring. We did not know the nature of the pandemic, nor what we would need.

Ms. Marie-Hélène Gaudreau: Exactly.

Mr. Simon Kennedy: So—

Ms. Marie-Hélène Gaudreau: Mr. Kennedy, I'm sorry, but I only have a few seconds left and I have a very important question for you.

What do you think should be done, in executing your duties, to demonstrate that the work is being done diligently, to ensure that there is no appearance of conflict of interest, and to validate that processes are being followed? How do you go beyond what has already been done? If there were nothing to improve, we wouldn't be here talking about it today.

Mr. Simon Kennedy: We have taken some steps.

First of all, there must be good documentation of the reasons for the decisions made.

In emergency situations, it is still necessary to keep the paperwork and keep a complete history of the decision-making process to be able to justify our actions. We are aware that in the future, the Auditor General or other interested parties may want to know why we made a particular decision.

From time to time, there is a need to act quickly, but this does not remove the need to document decisions or explain why they were made.

Ms. Marie-Hélène Gaudreau: Thank you very much, Mr. Kennedy.

[*English*]

The Chair: We're over time. Mr. Kennedy was well into his answer, so I wanted to give him a few extra seconds to finish it.

Now we're on to Mr. Bachrach. It's a very famous musical name; that's for sure. Welcome to the committee, Mr. Bachrach.

Mr. Taylor Bachrach (Skeena—Bulkley Valley, NDP): That “Bacharach” has an extra vowel in the middle. Somewhere along the line we lost that extra “a”, but thank you, Mr. Chair, and thank you, Mr. Kennedy, for appearing today.

I want to pick up on this April 3 meeting. You mentioned that you were invited by “colleagues” to that meeting. Who exactly set up that meeting?

Mr. Simon Kennedy: It was the public services and procurement ministry.

Mr. Taylor Bachrach: Then Minister Bains' office didn't have anything to do with setting up that meeting?

Mr. Simon Kennedy: I diligently went through my records, and I can inform the committee that there were only two meetings—at the officials level that I'm aware of, certainly—that involved me or my staff. That was the meeting I attended that I described earlier and then the meeting that my staff who are in charge of digital and data had with Palantir staff. Those are the only two. The one that you're mentioning is the one that I attended.

• (1330)

Mr. Taylor Bachrach: Okay.

You mentioned earlier that this meeting was a result of the call that went to industry and that many, many companies responded to that call. When was that call to industry issued?

Mr. Simon Kennedy: I don't remember the specific date. It would have been sometime in March. To be frank, we also had an official website that we set up with an address. You could fill in details about what your offer was. You could actually go online and say, for instance, “I'm a manufacturer. I can make masks.” You could leave your contact details for us to get back to you. Thousands came in that way.

As well, a lot of other firms contacted us directly. I cannot tell you at this point whether Palantir might have.... I certainly received an email directly from an official at Palantir—not Mr. MacNaughton, to be clear, but a staffer—saying, hey, we'd like to put our hand up. I don't know whether they came in through the “made in Canada” portal as well, but everybody who came in, whether it was with a direct email or through the portal, all got kind of streamed into this system that we had.

We even had a tracking system. There were very many people coming and offering their help. We had to keep track of everybody and make sure we called them back.

Mr. Taylor Bachrach: Mr. Kennedy, did you know that your minister and your minister's chief of staff had been in contact with Mr. MacNaughton when you took this meeting April 3?

Mr. Simon Kennedy: No. Obviously, there was the report of Mr. Dion that talked about various officials and political staff, but at the time, this was just another company among the thousands, frankly, that were pouring in, looking to help out. It didn't stand out as some special company. It was very routine. We treated it in the same kind of routine way we treated others. I sent them to the staff I had who were tracking this kind of stuff to check them out.

Mr. Taylor Bachrach: This is a routine meeting, but you get into this meeting, you get onto Zoom, and there's Mr. MacNaughton. He's a very well-known person in government. You know that he's the former ambassador to the United States. You know about the ethics act. You know about the rules. Did it ever cross your mind that maybe you shouldn't be in that Zoom meeting?

Mr. Simon Kennedy: Just by way of context, as I noted earlier, ISED is an organization that interacts with hundreds and in fact thousands of businesses. It has been my experience, not just at Health Canada but in all of my other ministries, that if you are dealing regularly with the business community—whether as a regulator or, in our case, as a regulator and a funder—and with management teams and their boards, typically there is often some crosswalk to people who have been a former political actor or been a former MP.

Mr. Taylor Bachrach: Mr. Kennedy—

Mr. Simon Kennedy: I would say that's true across the aisle. My experience has been that it is very typical—

Mr. Taylor Bachrach: If I may, do you feel that you bear some responsibility for also ensuring that those ethics rules get followed?

Mr. Simon Kennedy: I certainly make it my absolute rule to try to follow the rules to the letter and make sure that I behave in a way that is ethical. I would say that I and my senior civil service colleagues take that very seriously. We know, frankly, how it can lead to significant heartache for a government, but we also know that it can be very disruptive to the operations of our ministry. I am quite fastidious about that. As I say—

Mr. Taylor Bachrach: After that meeting, the Conflict of Interest Commissioner ordered you not to meet with Mr. MacNaughton. Knowing that now, in hindsight do you regret participating in that Zoom meeting at which he was present?

Mr. Simon Kennedy: I think if I had known that there was a breach of the rules going on, I would have declined to attend. I think that's pretty obvious. I think that would have been the default position of most of my colleagues.

As I say, I meet with a lot of—

Mr. Taylor Bachrach: Despite your familiarity with the ethics act and despite your familiarity with Mr. MacNaughton, the thought never crossed your mind, when you were on that Zoom call, that maybe there was a breach of the ethics act going on? It just never—

Mr. Simon Kennedy: Mr. Chair, I think questions about whether rules were broken are best directed to those with whom that is at issue. In my case, I followed all the rules we normally follow. I deal with hundreds of businesses a year. I've dealt routinely with businesses that have former politicians and others from both sides of the aisle or from different governments over time. The obligation to ensure you're following the rules is actually on the lobbyist, not on the person being lobbied.

Many times individuals are listed in the lobbying register, the CEO of the organization, but it will be one of their staff actually doing the lobbying. Other times they'll hire a professional lobbyist. Even if you check the lobbying register, it can be.... This is an obligation on the person doing the lobbying, not on me.

As I said, I attended a meeting with maybe a dozen other people on a video screen. At the conclusion of the meeting, we politely said we saw no further cause to follow up with them. That was the extent of the meeting.

• (1335)

The Chair: That's all the time we have. Thank you very much.

Mr. Taylor Bachrach: Thanks, Mr. Kennedy.

Thanks, Mr. Chair.

The Chair: Now we're going to move on to our second round.

[*Translation*]

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

Mr. Jacques Gourde (Lévis—Lotbinière, CPC): Thank you, Mr. Chair.

Mr. Kennedy, thank you for being here today.

I am familiar with Innovation, Science and Economic Development Canada, for whom I have been fortunate enough to make about 500 announcements in my lifetime. During the pandemic, ISED helped companies increase their productivity to help the cause as a result of the Prime Minister's appeal. In addition, Canada was purchasing inputs, masks and disinfectants from abroad.

Yesterday, I asked a question in the House because CBC reported this week that Canada bought 570 million dollars' worth of disinfectant from abroad. Only \$100 million has been allocated to Canadian companies that produce disinfectants and can produce more.

Let me give an example. In my riding, a small business that was already producing agricultural disinfectant changed its recipe slightly and had to register its new product with Health Canada before it could sell its disinfectant to the public. That took some time. The owner invested in his business to increase its production capacity, hoping to secure contracts with the Government of Canada. In the end, he did not get any contracts.

During that time, disinfectants worth \$250 million were purchased from a Chinese auto parts factory that changed everything in two weeks and had a recipe that was never approved by Health Canada. These products arrived in Canada in a container filled to capacity and invaded the disinfectant market. We don't know if this disinfectant is good or not, whereas here we have Canadian-produced, Health Canada-licensed disinfectant that cannot be sold to Canadians through Public Services and Procurement Canada.

Mr. Kennedy, can you tell us if disinfectants imported into Canada are registered and approved to the same standards as those produced in Canada?

Mr. Simon Kennedy: To get the best possible answer to this question, I think you should ask my colleagues at Health Canada and perhaps my colleagues at the Department of Public Services and Procurement.

I can only speak from my own experience. When ISED worked with Canadian industry, it was honestly almost impossible to get all the products people needed.

In Canada and around the world, production was failing. Our goal was to protect Canadians and get products from wherever they came from. It was necessary to get Canadian industry moving to make these products. As I said at the beginning, there was zero production of disinfectant products in Canada, and the country now produces almost half of them, 40%. ISED really encouraged companies in their choice because it was necessary. Why did we buy products abroad and not in Canada? I can't answer your question directly. I'm sorry.

However, we are very proud of the efforts made by the Canadian industry. In my opinion, we worked with the industry because we needed these products.

Mr. Jacques Gourde: Thank you.

Innovation, Science and Economic Development Canada has received additional funding to increase the productivity of Canadian businesses to help fight the pandemic. How much more ISED has received? Has this amount been distributed in a sectoral manner? Could each ISED regional office have a share and choose how to distribute it, or was there a deposit that came from the main office for all regions?

Mr. Simon Kennedy: I'm sorry. Although Canada Economic Development Canada, or CED, is part of ISED, I'm not directly responsible for it. That responsibility rests with one of my colleagues.

I could talk about it with my colleagues and come back to the committee with a response, but I don't have the information right now.

• (1340)

Mr. Jacques Gourde: If possible, you can send us the response later.

Within your portfolio at the Department of Industry, you pay particular attention to Canada's purchasing. You said there was undercapacity in production.

Is this undercapacity found in all sectors? We know that for vaccines, there was almost no production capacity.

With respect to disinfectants, Canada had the capacity to produce disinfectants. It isn't possible that disinfectant could have been purchased abroad at \$6 per unit, when Canada could have produced the same product at \$1 per unit.

Mr. Simon Kennedy: We noticed that there was a lack of capacity in several areas. I could come back to you later on and give you more information.

At the beginning of the pandemic, it wasn't just about vaccines; there was a lack of gloves, masks, all kinds of clothing for doctors and personal protective equipment for frontline workers.

[English]

The Chair: Thank you, Mr. Kennedy.

We are out of time, but if you do come back with that answer, I'm certain Mr. Gourde would be very amenable to receiving it.

Now we're going to move to a returning colleague who is with us today. Nathaniel Erskine-Smith, you have five minutes, sir.

Mr. Nathaniel Erskine-Smith (Beaches—East York, Lib.): Thank you very much, Mr. Chair.

Mr. Kennedy, thank you for joining us today.

On April 3, the Ethics Commissioner outlined in his report that you meant to discuss making Palantir software available to the government on a pro bono basis in assisting with COVID-related supply chain issues. I know it was a relatively cursory meeting and that at the end of the meeting you indicated that you didn't think the software would be applicable.

Just so I'm clear, what would the software have done, exactly?

Mr. Simon Kennedy: The software package that was described to us was called Foundry. To be frank, it was clear that it was very sophisticated. I had knowledge of the kind of needs we had—certainly in my ministry—and it was pretty clear this thing was a lot more sophisticated than anything we would probably have need for. That was my own personal judgment.

My understanding was that it was for supply chain management. Again, this is probably best directed to the company, but my recollection of the presentation and discussion is of a very sophisticated management of supply chains—scheduling and this sort of thing. If you were running a large assembly line, for example, or you were an airline that had airplanes with thousands of parts and this sort of stuff, you might need to manage a very complicated operation. This seemed like the kind of very sophisticated software that could do that.

Our needs were, frankly, much more rudimentary. I had suggested that they might wish to talk to, for example, the automobile manufacturing industry or somebody like that.

Mr. Nathaniel Erskine-Smith: It's hard now to situate oneself in the same frame of mind, but I recall that in the panic of the spring, even locally I had a number of constituents reaching out about potential contact-tracing applications and various ways their own companies could support our efforts by way of PPE and more.

You must have been overwhelmed, in the position you were in, with requests. How many of these short exploratory meetings would you have been a part of?

Mr. Simon Kennedy: Mr. Chair, I've been a part of many of them.

I feel very privileged to have the role I have. I feel like I'm doing important work on behalf of the government and on behalf of Canadians, so you will never hear me complaining, and I think that's true of many of my colleagues. I want to preface this by saying, because I don't want it to sound like a complaint, that I'm very grateful to have the role I have.

However, it is very true that in the early days of the pandemic, it was a seven-day-a-week affair, with very late evenings and very long hours, more or less continuously, for weeks at a time. For a lot of my colleagues and for me, that kind of intensity continues. We're very happy to be able to do our roles.

I would say that “panic” is maybe not the right word, but certainly there was a profound sense of leaving no stone unturned, of real urgency and, certainly in the early days, a really profound sense of not quite knowing what was going to happen next. Maybe many Canadians would die, and it was on us to make sure we did everything we could to support the government in making sure that didn't happen—

Mr. Nathaniel Erskine-Smith: I'm sorry. I don't have too much time.

On that point, regardless of who represented the company, if a Canadian operation of a \$46-billion public company reached out to say that they had a pro bono solution in the midst of a crisis, would you have taken that meeting?

Mr. Simon Kennedy: I took many meetings, as did my staff, with companies like that. As I say, it was a matter of routine.

The largest companies in the world in manufacturing, software and logistics came to see us, offered their help and wanted to know what they could do. That was routine. I can't account for them all on this call, but absolutely, I was in many, many meetings where I'd listen to companies say they'd really like to help out and ask if there

was anything they could do. That was routine, and in fact a routine part of what we do as ISED is interact with businesses.

• (1345)

Mr. Nathaniel Erskine-Smith: My first thought when constituents reached out with potential solutions was not who an individual had done dealings with previously; my first thought was if this individual could help and to explore the actual proposal they had on the table.

Did the Ethics Commissioner make any finding that you violated any rule?

Mr. Simon Kennedy: Mr. Chair, no, they did not. I was subject to the requirement not to deal with Mr. MacNaughton, but other than that, there were no other requirements I'm aware of, and certainly no commentary beyond that.

Mr. Nathaniel Erskine-Smith: Have you ever been subject to a finding by the Ethics Commissioner that you personally violated a conflict of interest rule?

Mr. Simon Kennedy: No, Mr. Chair, I have not.

Mr. Nathaniel Erskine-Smith: Thanks, Mr. Kennedy.

The Chair: Thank you very much.

We'll now move on to the second round with the Bloc Québécois as well as the New Democratic Party. This is a very fast round, colleagues. I always warn you about it; it's two and a half minutes.

Madame Gaudreau, you have the floor.

[*Translation*]

Ms. Marie-Hélène Gaudreau: Thank you.

I'll continue along the same lines.

Mr. Kennedy, we just said you didn't break the rules. Why were you ordered not to contact Mr. MacNaughton?

Mr. Simon Kennedy: I think that question should go to Mr. Dion, the Conflict of Interest and Ethics Commissioner.

From what I understand—

Ms. Marie-Hélène Gaudreau: I'm asking for your opinion, Mr. Kennedy. These reasons have certainly been explained to you.

Mr. Simon Kennedy: I suspect it was because I attended a meeting where he was present. I was in the same room, a virtual room, with Mr. MacNaughton only once. Other than that, there's no reason for this order, because that's the only interaction I've had with him.

Ms. Marie-Hélène Gaudreau: You're telling me that you know and follow the rules.

In fact, the government has already been reprimanded twice, and public opinion and trust aren't what they were. Do you agree with me that we need to be doubly vigilant to avoid, or rather demonstrate, how well we're doing?

Mr. Simon Kennedy: I'm aware of the dangers. I behave in a way that clearly demonstrates that I work in an ethical manner and in accordance with the rules. This is normal. Even if there is no crisis, for all senior officials like me, this is the way we do business.

Obviously, I don't want to create problems, and I know I'm being paid by the taxpayers. So it's important to play by the rules.

Ms. Marie-Hélène Gaudreau: In the context of the pandemic, beyond the issue of the two reprimands against the government, has there been increased vigilance with respect to the special procedures for Canada's plan to mobilize, which was discussed earlier?

Mr. Simon Kennedy: We have some requirements. First, the rules must be followed. This is always important, because breaking the rules can put all other cases at risk. So following the rules is paramount.

At the same time, we had to act very quickly. So, we had to respect all the rules while proceeding quickly. Speed was also important because Canadians were at risk.

[English]

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

[Translation]

Ms. Marie-Hélène Gaudreau: Thank you, Mr. Kennedy.

Mr. Simon Kennedy: Thank you.

[English]

The Chair: I know you have experience at committees. Time is always our enemy.

We'll now go to Mr. Bachrach for two and a half minutes.

Mr. Taylor Bachrach: Thank you, Mr. Chair.

Thank you, Mr. Kennedy. My apologies for leaving my mute off for a moment.

Mr. Kennedy, you mentioned in your earlier testimony that one of the important roles you play when you're taking these proposals from these businesses is to review the companies' financials.

Can you explain why that step is important before moving on to any sort of formal engagement with these companies?

Mr. Simon Kennedy: Well, I'll use the example of the strategic innovation fund, but it would apply to other programming.

If we're going to partner and perhaps make an investment in a company, then we want to have a sense of the risk that's being presented for the taxpayer. The risk can come in a number of different ways. There can be financial risk, managerial risk and technology risk. It isn't just financial.

One of the things that we would examine in the strategic innovation fund, for example, would be whether the company has the financial wherewithal to do it. Are they going to be able to raise the funding? Maybe the taxpayer money is going to go in, but they're going to raise money from other sources. Are they able to do it? Do they have enough cash in the bank so that they're not going to run out of money halfway through the project?

There are those sorts of things. There's a financial due diligence that's done, but it isn't the only kind of risk that's looked at. Can the

company can partner well with others? Can they handle technology transfer if they need to do technology transfer? Also, is the technology a very high risk? Maybe it's a good idea, but the likelihood of it going belly up is high.

We would examine many of those facets in the SIF program, as an example, but financial assessment certainly would be one of them, yes.

• (1350)

Mr. Taylor Bachrach: Given that process and the importance of that process, does it surprise you that this sort of due diligence was not exercised in the \$543-million contract with the WE Charity?

Mr. Simon Kennedy: Mr. Chair, I would clarify that other than preparing some briefing notes for ministers, which we typically would do with virtually every cabinet submission, we've had really no engagement with WE Charity or an involvement in that particular proposal. I'm not really able to comment on it.

Mr. Taylor Bachrach: Mr. Chair, I think I just have few more seconds left.

I'm a little surprised by this offer of pro bono services from Palantir. I'm wondering if that was something that surprised you as well in that meeting, Mr. Kennedy.

Mr. Simon Kennedy: I would say not really, and it's not because of Palantir or any of the controversy around it. We actually received a lot of offers from firms to provide support pro bono. I think that in many cases people want to do the right thing and they want to help out the country, but it's also maybe a measure of goodwill to do that.

The bottom line is that we received a lot of efforts of pro bono support from companies of every conceivable configuration—

The Chair: Thank you, Mr. Kennedy.

Mr. Simon Kennedy: Yes, absolutely.

The Chair: I'm sorry. You ran out of time again, but I wanted to give you a bit of time for that answer.

Mr. Taylor Bachrach: Thank you, Mr. Chair.

The Chair: Now we're on to the the last round. We'll have enough time for Mr. Gourde.

[Translation]

Mr. Gourde, go ahead for five minutes.

Mr. Jacques Gourde: Thank you, Mr. Chair.

Mr. Kennedy, I'm going to come back to all the offers you have received and to the companies that have been able to actively contribute to the fight against the pandemic.

Do you have any idea what percentage of companies ultimately did work for the government? Is it 30%, 40% or 50%?

Mr. Simon Kennedy: I don't have the figures at hand. I can give you a very brief answer, given the allotted time.

There have been cases where the government has made a purchase. There have been others where it has made an investment, for example, through the strategic innovation fund. There have been cases where companies wanted data or advice from us, without necessarily applying for a contract or investment.

So we've interacted with hundreds and hundreds of companies. For some it was a contract, for others it was an investment. Still others didn't need government assistance, just consultation. We interacted with a lot of companies, but I don't know what happened in each case. We certainly made investments, and I can give you examples, but I can't give you exact numbers.

Mr. Jacques Gourde: I have the impression that you were caught between a rock and a hard place. Many companies wanted to do business with you, and you still had to respond to them. Perhaps the government exerted some pressure to ensure the production of certain required products, because otherwise the products had to be purchased elsewhere.

Was there more pressure from the government or from the companies?

Mr. Simon Kennedy: The shortcomings were obvious to us in the spring. For example, there was tremendous pressure with regard to masks. The projections pointed to a shortage of masks. It wasn't really possible to obtain enough masks from abroad. In some sectors, the pressure was enormous. We were aware of the shortage of products in the country.

Did the pressure come from the industry or the government? I'd say that it came from the situation. Several sectors were affected. We're talking about masks, but there was also the issue of ventilators and clothing for hospital workers, for example. We worked with the industry to shift production to this type of clothing.

• (1355)

Mr. Jacques Gourde: I have one last question.

Will you submit a report to the government on the most sensitive issues, so that we can avoid making the same mistakes? Who knows, in five years, we could be facing a similar situation that may or may not be as bad.

Will there be a report on what needs improvement in certain industry sectors so that we can avoid the worst-case scenario?

Mr. Simon Kennedy: We're already thinking about some of these issues, for example in terms of masks. The governments invested in N95 masks and some other types of masks, which has given Canada good long-term capacity.

It will be up to the government to decide whether it's necessary to conduct a somewhat broader study. We've considered the long-term needs of the country. Some of the investments on the ground right now, in a sense, meet these needs.

I don't know whether I've provided a clear enough answer. You asked a good question about the long-term needs and the shortcomings. We're looking into these matters.

Mr. Jacques Gourde: Thank you.

[English]

The Chair: Thank you very much.

Now we'll move on to Mr. Sorbara for five minutes.

Mr. Francesco Sorbara: Thank you.

I'd like to go back to Mr. Kennedy.

Deputy Minister, can you explain to me what you have seen and experienced throughout this pandemic in terms of how quickly things have moved, how quickly our government has reacted in putting in place programs to help Canadian workers and Canadian businesses?

Mr. Simon Kennedy: Mr. Chair, I think everybody—certainly I felt this way—had a profound sense of the need to move quickly. The global situation evolved very quickly over the months of February and March. I would say that there was a real premium placed on moving rapidly to put support programs in place. I have described some of the work that was done on personal protective equipment and on biomanufacturing. We also felt the profound need to try to move as quickly as possible there.

Obviously, at the end of the day Canadians will judge the response for themselves, but I think we did our best. I certainly feel that my organization and my employees did their very best to move as quickly as possible while being responsible. I think the honourable members of this committee have talked about the necessity of not throwing the rules out and so on, but trying to move very rapidly and diligently.

If there were risks to be taken because we had incomplete information, we tried to make calculated, smart risks and to not let too much bureaucracy and red tape slow down what we all felt was the need to move quickly to make sure that the country was safe from a pretty desperate situation.

Mr. Francesco Sorbara: Absolutely.

Can you comment on the relationships among the different departments? Obviously, with ISED procurement and for me as the Parliamentary Secretary to the Minister of National Revenue, public servants across this country have done an enormous amount of heavy lifting for Canadians to ensure their public safety and to ensure that those who were impacted by COVID-19 got the funds they needed.

Could you describe to the committee how the working relationship was among and between the various departments?

Mr. Simon Kennedy: Mr. Chair, it probably won't surprise you that the working relationship has been excellent.

In order to manage faster processes, if you like, and to try to move with alacrity during this crisis, we did establish quite a few governance mechanisms. For example, I have very regular meetings multiple times a week with my colleagues at Public Services and Procurement Canada, the Public Health Agency of Canada, Health Canada, the Privy Council Office and so on. We've created some bureaucratic governance structures to make sure that we're all joined at the hip, that we're sharing information and that we're able, as officials, to make recommendations to our masters quickly.

I think there has been a very tight collaborative relationship among the lead departments throughout this whole process. I've only named a few that I work with regularly, but certainly it extends to Indigenous Services, Public Safety and a whole bunch of others.

• (1400)

Mr. Francesco Sorbara: Thank you, sir.

How am I for time, Chair?

The Chair: You have a minute and a half.

Mr. Francesco Sorbara: Oh, thank you. I can do a follow-up question.

To the deputy minister again, as we move forward, how do you see your role shifting now that we're moving to more of the recovery side? We've seen that the initial vaccines are now being rolled out here in Ontario through the University Health Network. We've seen the Premier of Ontario applaud the vaccine rollout. We've seen General Hillier comment on it. On our side, the representative from the army came over. I'm sorry that I've forgotten his name, but in terms of transitioning some of the programs back to more of a recovery focus, Deputy Minister, how do you see that angle rolling out in the next few months?

Mr. Simon Kennedy: Well, I think we are definitely thinking about the recovery and how we can best support the government and best support Canadian workers and the business sector in the recovery to come.

The other thing I think we as a ministry are doing is trying to reflect on some of the lessons and some of what we've seen during the pandemic. In the fall economic statement, for example, there was a reference to examining biomanufacturing and what the long-term picture needs to be for biomanufacturing. That's something that we're certainly looking at.

As a Canadian, I feel very grateful that we have certain capacities in Canada and that the country has been able to pivot to produce a lot of personal protective equipment, but there are areas in which there are gaps. Biomanufacturing is arguably one of them, so one of the ways in which ISED can maybe support the government and support Canada is that in the future we'll be looking at what some of the capabilities are that we can support in the business sector so that we're better prepared for the future, and that's something we're certainly working on.

The Chair: Thank you very much, Mr. Sorbara, and thank you very much, Mr. Kennedy.

We bid you a very Merry Christmas. We're all giving the greeting of a great 2021 coming up because of all we have lived through in 2020.

Colleagues, we're going to suspend now to go to our second panel.

• (1400)

(Pause)

• (1405)

The Chair: Colleagues, we're ready to start with our second panel. Mr. Angus, of course, always wants to entertain us, not understanding that he complicates everyone's life with his great voice, but I know he does that with—

Mr. Charlie Angus (Timmins—James Bay, NDP): I'll do anything to score points, Chair—anything. If you give me an extra 30 seconds, I promise to stop singing.

The Chair: Okay, colleagues, we're going to go to our third panel. We have with us Denis Gallant, who's a lawyer. He is testifying as an individual. We have Mark Blumberg from Blumberg Segal LLP. We also have Jeramie Scott, senior counsel for the Electronic Privacy Information Center.

I have you in the order in which I just introduced you.

Monsieur Gallant, are you okay to go ahead as the first presenter?

[*Translation*]

Mr. Denis Gallant (Lawyer, Roy Bélanger Avocats S.E.N.C.R.L., As an Individual): Yes, I'm ready, Mr. Chair.

[*English*]

The Chair: I believe that our clerk has advised you that five to seven minutes would be the maximum.

[*Translation*]

Mr. Denis Gallant: That's right.

The Chair: You have the floor.

Mr. Denis Gallant: Good afternoon, distinguished members of the Standing Committee on Access to Information, Privacy and Ethics.

First, I want to make it clear that I'm not an ethicist or an ethics expert. I'll leave it to much more qualified individuals to shed the proper light on this matter. I don't claim to have a thorough understanding of the rules for awarding public contracts at the federal level. However, I believe that my experience in various fields could help you with your work.

I was the assistant chief prosecutor of Quebec's commission of inquiry on the awarding and management of contracts in the construction industry, also known as the Charbonneau commission. The commission lasted almost three years. It was chaired by the Honourable Justice Charbonneau of the Superior Court. I was also the first inspector general of the City of Montreal, with a mandate to promote integrity and to prevent and combat any fraudulent practices in the awarding and fulfillment of City of Montreal contracts. Lastly, I was president and chief executive officer of the Autorité des marchés publics, an organization created as a result of the landmark recommendation of the Charbonneau commission. The mission of this organization is to oversee all public contracts in Quebec.

In Canada, both at the federal level and in all Canadian provinces, the awarding of public contracts is strictly regulated by various laws or regulations. The principles underlying the enforcement of these rules are to ensure the best product or service at the best price for all Canadians; to guarantee freedom of competition; and to give equal opportunity to all individuals who want to obtain a government contract. These goals have been enshrined in our legal system for a long time. They're often reiterated by courts across Canada.

To meet these goals for awarding a public contract for a certain amount, such as \$100,000 in Quebec, a public call for tenders is mandatory, unless there are exceptional circumstances. The public call for tenders basically aims, for a public contracting authority, to simultaneously reach all the interested parties that can enter into a contract and that have the skills and expertise required to fulfill a public contract. The purpose is to encourage more competition. However, the various pieces of legislation regarding government contracts in Canada state that a contract may be entered into because of an emergency or another exceptional situation.

No one is calling into question the exceptional global situation that we've been facing since the end of last winter. No one is disputing the urgent need for our leaders to take action. They must invest massive amounts of money to help Canadians deal with the disastrous effects of the pandemic, particularly on the economic front. However, the urgency must not become a reason to circumvent the mandatory rules governing public contracts. The urgency shouldn't also contribute to a lax approach to monitoring and overseeing taxpayer dollars.

As a former inspector general of the City of Montreal, and also as a Canadian taxpayer, I'm very concerned about the safeguards in place to prevent price gouging, possible fraud and waste. I also wonder whether we've obtained the best products and services at the best price from those companies or organizations that have dealt with or that continue to deal with the government by mutual agreement, citing the urgency of the situation.

As a starting point for discussion, we could draw inspiration from the work of some inspectors general offices in the United States. By the way, I'm a certified and trained inspector general. I'm also a member of the board of directors of the Association of Inspectors General in the United States. I'm the only Canadian member of the board. I'll also be a member of the executive until the end of December.

These offices have live integrity monitoring and oversight programs. We know that hurricanes and other natural disasters are common in the United States. In the event of a massive influx of federal or state money following a natural disaster, integrity monitoring is always carried out to prevent price gouging, waste and possible fraud. I can tell you more about these integrity monitoring programs, if you have any questions.

● (1410)

Once again, I would like to thank you for inviting me to appear before the committee today. I hope to be able to contribute in some small way to the work of this committee.

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

[English]

Now we will go to Mr. Blumberg. You have up to seven minutes.

Mr. Mark Blumberg (Partner, Blumberg Segal LLP): Thank you for the opportunity to speak to the committee today.

My name is Mark Blumberg, and I'm a lawyer at a small firm in Toronto that has 10 lawyers. We focus exclusively on non-profits, charities and philanthropy.

I'm going to talk today about the scandal involving the Canada student service grant and WE Charity, and the fact that it isn't, unfortunately, over. These comments are a point in time, and the saga is continuing.

There's a lot we don't know about the scandal. Having various committees and the House of Commons looking at these issues in the past was helpful, but it was quite inefficient. Also, there are a lot of complicated issues at play, such as charity compliance issues. I would say that in my opinion, these committees are not ideally equipped to deal with these types of investigations. That's why I've suggested in the past that a public inquiry be launched into this particular scandal, and then the various committees could go back to focusing on their regular work in these difficult COVID times.

There are essentially three somewhat interlinked components to the scandal.

First, the design of the CSSG program itself was problematic. Then there's the federal government's decision-making process. I'm not an expert in conflicts of interest, but it appears to be conflicted.

Then there were many concerns about the choice of WE Charity to deliver this particular program. This is not just about a \$543-million program; it's about the federal government—during COVID, when the charity sector was under tremendous strain, as it continues to be—giving almost nothing to the charity sector. Certainly it was almost nothing when one thinks of the tens of billions being spent, and then the government proposes to give \$543 million to one organization that has a checkered past. In a sense, it's a contrast in the way this one charity was treated, with a \$543-million grant, compared with how the federal government dealt with the rest of the charity sector, which has largely been silence and providing absolutely nothing to most charities. That's one major facet.

Another big issue is this. Was there tremendous influence by the finance department on Employment and Social Development Canada, ESDC, or did ESDC think that the WE Charity was a great charity and uniquely able to deliver this program?

If it's the first case—the pressure from finance—then Mr. Morneau has resigned, and perhaps that influence will stop. That's a particular circumstance.

If it's the second—the possibility that ESDC actually thought WE Charity was a great charity—then it's a much more serious issue. It would really call into question the capacity of ESDC to undertake due diligence on charities and its decision-making. If this is really an ESDC decision, as many Liberals have claimed, then significant changes may be needed at ESDC, or tens of billions in funds could be equally poorly allocated over the next few years. Assuming the finance department was not pressuring ESDC, how ESDC could have gotten this so wrong is mind-boggling. That is one of the many reasons I think a public inquiry into the CSSG WE scandal is worthwhile.

Many compliance issues have been raised by the whole WE Charity scandal, including—but not limited to—using multiple corporations, some of which are Canadian registered charities, and a lack of clarity among the different corporations; treatment of employees during employment and post-employment; reporting and transparency; lobbying of government officials without registering; partisan activities; social enterprise and business activities; government grant-making processes and fairness; owning large amounts of real estate; corporate sponsorship and access to children; compensation of founders; governance; and having founders involved in the charity for a long period of time. These are some of the many issues that have been floating around over the last few months.

Trust in the charity sector is vital. Public trust is like oxygen: You only really notice a problem when it's in short supply. Will Canadians trust charities less because of the WE Charity scandal? Will they think the problems of WE Charity are reflective of the broader charity sector and trust the sector less?

WE Charity was quite a unique organization, but it wasn't completely unique. Therefore, its indiscretions may affect the reputation of the charity sector. It may take years to see the full impact of the scandal, but we are already seeing significant declines in public trust of charities, despite huge gains in public trust at the beginning of COVID for the heroic work done by some in the charity sector in response to COVID. The biggest concern for the charity sector is that the WE Charity scandal will hurt the reputation of the sector, undercut donations and undercut government funding.

• (1415)

Transparency is vital for maintaining public trust. We are concerned that there's not nearly enough transparency in the Canadian charity sector. Over the last 10 years, the CRA, for various reasons, including maybe pressure from certain special interest groups, has actually been reducing the amount of information they publicly collect and provide about charities. Other countries, meanwhile, have been increasing transparency on charities.

Having inadequate transparency on registered charities in Canada means that there's not enough information on WE Charity available and very little on ME to WE, the for-profit arm. It's hard to understand the full picture when you can only see half the story.

I've submitted to the finance committee 10 recommendations for improving the regulation of charities in Canada. I'll just mention three ideas that I'm going to bring to this committee.

Currently, if the CRA is aware that a charity is involved in very problematic activities, they are not allowed to disclose that information—not to the public or even to members of Parliament. The federal government should amend the confidentiality provisions of the Income Tax Act, section 241, to allow the CRA, at its discretion, to disclose serious non-compliance of registered charities.

Second, with registered charities there is some public information available from the public portion of the T3010, but when it comes to non-profits that are not charities, which is 80,000 to 100,000 organizations, the CRA discloses nothing, and there is very little information available on many groups. We have proposed that non-profits—as many already do, and certainly the bigger ones—file the form called the T1044 every year. They're filed with the CRA, where they are input into a database by the CRA. These should be disclosed. It's no extra effort or burden for either those non-profits or the CRA, but it would give us at least a little bit of an idea about that other part of the non-profit sector.

We've also proposed that the federal government provide funding to the Charities Directorate to increase the amount of information collected and distributed on charities.

Those are three proposals out of the 10 that we had made. We essentially want to balance the regulatory approach to charities appropriately to their importance and to the tax subsidy provided to charities.

The WE Charity scandal raised a number of very important questions about the regulation of registered charities. Either regulation of the charity sector will be enhanced or the reputation of the sector and public trust in the sector may decline.

I've publicly provided detailed comments on—

• (1420)

The Chair: Mr. Blumberg, I gave you an extra 30 seconds, but I'll have to end it right there. If there's any other point you want to make, you can certainly make it as we get into the question period.

Mr. Mark Blumberg: No problem.

The Chair: Mr. Scott, you're up, sir, for up to seven minutes.

Mr. Jeramie D. Scott (Senior Counsel, Electronic Privacy Information Center): Thank you very much, Mr. Chairman and members of the committee. My name is Jeramie Scott, and I am senior counsel at the Electronic Privacy Information Center, also known as EPIC.

EPIC is a public interest research centre in Washington, D.C. It was established in 1994 to focus public attention on emerging privacy and civil liberties issues and to protect privacy, freedom of expression and democratic values in the information age.

As part of EPIC's open government work, EPIC makes frequent use of the Freedom of Information Act to obtain information from the United States government about surveillance programs. Public disclosure of this information improves government oversight and accountability. It also helps ensure the public is fully informed about the activities of the government.

EPIC routinely files lawsuits to force disclosure of agency records, and it is my understanding that the committee is interested in EPIC's Freedom of Information Act lawsuits related to the U.S. government's use of Palantir software.

EPIC has litigated two Freedom of Information Act cases that might be of interest to the committee. The first was a case against U.S. Customs and Border Protection to obtain records related to the analytical framework for intelligence, which is used to assign risk assessments to travellers.

The more recent lawsuit was against U.S. Immigration and Customs Enforcement, and it sought records pertaining to systems built on Palantir software. That system is the Falcon system, and the Falcon systems are built on Palantir's Gotham platform, a proprietary software product that allows users to search, visualize and analyze complex datasets. Falcon serves as Immigration and Customs Enforcement's primary data storage and analysis system.

The Falcon system pulls data from several government databases and contains numerous categories of sensitive information, including biographical information like dates of birth, places of birth and social security numbers, and financial data such as bank account numbers and transaction numbers. The Falcon systems also contain data from commercial databases and open-source information publicly available on the Internet, including information from social media sites.

According to the documents obtained by EPIC through the Freedom of Information Act, Falcon systems also contain call record data and GPS data, and, through the use of Palantir software, the Falcon systems are capable of linking together this and other data through social network analysis. The Falcon system uses the massive amount of data it contains and analyzes that data with Palantir's software to locate undocumented immigrants to apprehend and deport. Reports indicate that the Falcon system was used in a raid last year in Mississippi that resulted in 680 arrests. The raid was one of the largest in U.S. history. It terrorized the immigrant community in Mississippi and separated hundreds of individuals from their families.

There is an ongoing campaign against tech companies like Palantir that provide the technical tools for ICE to conduct raids like the one that occurred in Mississippi.

Palantir is also linked to the United States Customs and Border Protection's analytical framework for intelligence. It was the documents obtained by EPIC that confirmed Palantir's involvement in Customs and Border Protection's analytical framework for intelligence system. This system uses information from federal, state and local law enforcement databases as well as commercial databases. This information is often sensitive personal information and includes biographical information, personal associations, travel itineraries, immigration records, and home and work addresses. The information is used to generate risk assessments of travellers and to generate intelligence reports. The capabilities of the analytical framework for intelligence include the ability to perform geospatial, link, and temporal analysis of the data.

In addition to Palantir's controversial work with the U.S. government and particularly Immigration and Customs Enforcement, Palantir has been scrutinized for the predictive policing service the company has provided to various law enforcement agencies within the United States. Palantir's predictive policing services include identifying potential offenders and their networks.

Palantir compiles a target list of likely offenders and victims based on an analysis of mass datasets from a variety of sources, including social media, criminal databases, probation and parole information, jailhouse phone calls, automated licence plate reader systems and law enforcement case management systems, among other sources.

Palantir's predictive policing product performs social network analysis to build webs of social connections to identify potential offenders or victims without prior police contacts.

● (1425)

These tools sweep in vast numbers of people who do not have a strong connection to any criminal activity.

A couple of years ago, Palantir's work in predictive policing was scrutinized after it was revealed that the company had been secretly using the city of New Orleans to test its predictive policing technology. Palantir had a pro bono relationship with the New Orleans police that was only known to the mayor and the city attorney. The city council members were unaware of the program until it was made public by news reporting. After the story broke about Palantir's work in New Orleans, the city ended the partnership.

In almost every case, Palantir has sought to implement predictive policing without community knowledge or consent. In general, Palantir has tried to keep secret its capabilities and how the company's services are used by government entities.

With that, I would be happy to answer any questions the committee may have.

The Chair: Thank you very much for that testimony, Mr. Scott.

We'll move on to our question-and-answer session now. Mr. Barrett, you have six minutes.

Mr. Michael Barrett (Leeds—Grenville—Thousand Islands and Rideau Lakes, CPC): Thank you, Chair, and thank you to the witnesses for your opening remarks. I appreciate your being here today.

My first question is for Mr. Blumberg. I'll roll two questions together so that you can give a comprehensive answer within the limited time that I have.

With respect to due diligence—and, I believe, the lack of due diligence by the federal government in awarding the CSSG contribution agreement to the WE organization—could you comment specifically on the red flags that I believe should have been raised with respect to the state of the WE organization's board, as well as the publicly reported information about the disarray of their financial situation?

Could you give me an answer to that, Mr. Blumberg?

Mr. Mark Blumberg: The first inkling I had that there was a big problem with WE Charity—and it was very public—was a 2010 Globe and Mail article. It was about two pages in The Globe and Mail. It was very long. I still remember reading it on an airplane a long time ago, and there were lots of questions that came out of it.

From about 2010, then, I think it would have been pretty clear to people. Anyone in the charity sector who's ever spoken to three people who worked at WE would have some interesting stories to tell you. WE was just very much unlike any other group I've ever seen.

Then also Canadaland, which is a news podcast sort of site, did some extensive coverage around 2018-2019 on a number of issues that were very public and very much out there. I would say that even for a \$500,000 grant, one would easily have been able to pick up these many issues if one wanted to pick them up.

I don't know if that answers your question, but I would say that there definitely could be some huge improvements. On the one hand, I sort of hope that it was inappropriate pressure by the finance minister, because I'm a big believer in government and governmental action and I think the government in general has done a lot of good things during COVID. I would prefer that it not be a problem of ESDC really thinking this was a great charity, because if it did think that it was a great charity, uniquely able to do this and all that, then I think there have probably got to be some changes there.

I'm not hoping that's the right answer, but I unfortunately don't know and I think that's why we need a public inquiry to actually look deep into these issues, because it involves not just this money

but lots of other money. The charity sector, the non-profit sector and many parts of society are very reliant on ESDC, and we want to make sure there's great decision-making going on there.

• (1430)

Mr. Michael Barrett: With respect to the claim you referenced, the idea that the WE organization was the only organization that could deliver the CSSG, what do you make of that? Why do you think that it's not a credible claim?

Mr. Mark Blumberg: One issue is the \$543 million. That was very problematic for many people in the charity sector, but the claim Trudeau made that this was the only organization that could handle this was phenomenal and angered many people, because it is just incredibly ridiculous. It's demeaning to the charity sector. The charity sector has huge capacities in people, expertise and other things, so for something like to be said was just offensive to the charity sector.

On the plus side, Trudeau did cancel the program very quickly, which I want to give him credit for, and the money that was given was brought back. However, there are a lot of issues, including detailed information on 30,000 or 40,000 people, including some who might be minors. I don't know what happened to that information and to other very detailed information WE has been collecting over the years. I would be certainly a little worried about that, if this is a committee tasked with privacy, because it could involve hundreds of thousands of youth and young adults in this country.

In terms of the decision-making, the actual decision-making and the conflict issue is a big issue in Ottawa. Within the charity sector, the biggest concern was that this program was very poorly constructed. That's an ESDC issue and not a WE issue. Second was the choice of WE. The exact details of what the cabinet did are of less interest to the charity sector, I would think, but certainly so little has been done for the charity sector, yet so much money was going to be given to WE. It was a \$60-million organization getting \$543 million to spend on all this stuff.

While the charity sector usually gets 12% overhead costs with government grants, this was much higher overhead, potentially, depending on how the framework worked out in terms of the number of people involved and things like that.

I would certainly not see this as a good situation, and hopefully we'll get more answers in the future.

Mr. Michael Barrett: I appreciate that.

You made reference in your opening comments to organizational structure. For the WE organization, it's hard for most people to take a look at where it begins and where it ends, and you referenced reporting by Canadaland as one group that has done a bit of a dive into that.

Do you think that type of structuring is intentional? Is creating a new legal entity specifically to deliver on this massive government program done to make it more difficult for people to understand? Why do you think it was structured in such a complex and hard-to-follow way?

The Chair: Mr. Blumberg, keep that question in mind, because we ran out of time. You might be able to squeeze in an answer on it in another round.

We'll go to Ms. Lattanzio for six minutes.

Ms. Patricia Lattanzio (Saint-Léonard—Saint-Michel, Lib.): Thank you, Mr. Chair, and thank you to the witnesses who are before us today.

I'm going to direct my questions to Mr. Denis Gallant. I worked with the inspector general back in the day in my function as a municipal councillor for the City of Montreal. I was actually vice-chair of that committee, so I can attest to the excellent work that was done by the committee and Mr. Gallant. Mr. Gallant, I'm pleased to see you here today.

Mr. Gallant, do you believe the federal government could benefit from adopting Quebec's public procurement integrity provisions, and if so, would you provide this committee with details and examples?

[*Translation*]

Mr. Denis Gallant: Thank you for the question and for your kind words, Ms. Lattanzio.

Yes indeed, the federal government could learn a lot from what is going in Quebec. That scandal is now behind us, but it wasn't so long ago.

To motivate myself and to prepare for the meeting today, I reviewed the report by the honourable Justice Gomery, which was released in 2005 following the sponsorship scandal. Some things have changed in the federal government; we have goodwill and good laws, but no continuous oversight. You can have the best laws in the world, but if no one is watching over the process, issues of waste or fraud can arise.

Through the Office of the Inspector General or, now, the Autorité des marchés publics in Quebec, it is possible to ensure that, when over-the-counter contracts are awarded, a neutral and independent body provides continuous oversight. A similar body, which could be appointed by the House of Commons, would be able to raise a red flag in record time to indicate an issue and that the contract should not have been awarded by mutual consent.

Mr. Blumberg stated that, after the Autorité des marchés publics was established, amendments were made to Quebec's Act Respecting Contracting by Public Bodies. He is absolutely right. Now, to award a contract by mutual consent, the electronic tendering system must send a notice of intent. The notice indicates that a charity or business is about to be awarded a contract worth such and such an amount by mutual consent, and that is why no tendering process is taking place. This public request for proposals allows people who are interested and able to provide a service to the government in a tight 15-day timeframe.

Let me go back to the example of WE Charity. I know it was urgent, but was granting scholarships to students so urgent that no survey or call for interest was necessary? From now on in Quebec, due to the amendments made to the Act Respecting Contracting by Public Bodies, these must be done. Otherwise, a complaint could be filed with the Autorité des marchés publics, which has the power to

cancel any contract in violation of the rules. I believe that the federal government could learn from this approach.

• (1435)

Ms. Patricia Lattanzio: Thank you for your answer.

[*English*]

My next question is directed to Mr. Blumberg.

Mr. Blumberg, in an article that's posted on your website, canadiancharitylaw.ca, you note there are three components, as you discussed, that you see fit to address the issue involving the WE charity. You also note that different people are interested in different parts of the story—mainly the opposition parties, as they are only interested in part of the story because it makes the government look bad and benefits them.

Can you perhaps expand on the comment that you made on your website?

Mr. Mark Blumberg: Sure. In the WE Charity scandal, I could criticize the government and the opposition parties for how they're dealing with it, but I'm not totally shocked that each is dealing with it that way. There are some partisan Liberals who have told me a hundred times that there is no scandal, nothing was wrong and there's absolutely no issue here, so if you don't register off and you have 65 meetings, it's no issue. I've heard that from Liberals and I find it shocking.

I find some of the commentary by some of the opposition at times is not correct or is partisan. As it comes across to me, some of it doesn't make a lot of sense, but some of it is very good.

I think both sides, in the way this has been handled.... In fairness, these are politicians handling a very complicated, difficult story. That's why I think it would be better to put it to a public inquiry so that someone can really look at these issues closely and come to a determination.

As I said, I probably know about 20% of the story, based on watching this very closely for many years and certainly for the last six months. There is so much information that unless there is a public inquiry, we probably won't be able to find it out.

There was an earlier question about whether it was sort of an accident that WE had these different structures. I think you can't say it was an accident. You don't accidentally have a charity. However, what I find very weird is that.... It's very clear from the public record why, for example, the WE Charity Foundation was set up, because we have a copy of the charity application, which says it was being set up to be a real estate holding company. When people are saying that's incorrect or something, I'm scratching my head, because this is a document that WE provided to the Canada Revenue Agency.

• (1440)

The Chair: I'm sorry to interrupt you again, Mr. Blumberg, but the committee's time is always our enemy. I have to adjudicate to some level of fairness. I tried to stretch it a bit to allow you to finish your answer, but this is as far as I can stretch it in this case.

[*Translation*]

Ms. Gaudreau, you have the floor for six minutes.

Ms. Marie-Hélène Gaudreau: Good afternoon, gentlemen.

I don't know if you heard what I said earlier. I was explaining that I am new here and that I have learned a lot. You just said out loud what we are silently thinking or perceiving, given the 20% or so of the story available to us. I had a series of very specific questions, but you have answered almost all of them.

People say that there is partisanship on both sides and that it's a political game. Please! We are managing a pandemic that by far transcends those excuses, whether it suits us or not.

I want to get your opinion. Are we looking at the way we do things and realizing that we really missed the boat in 2020 when it came to protecting public funds and privacy? What countries should we be looking to as models on these issues? Why not take the opportunity now to review the integrity process rather than dragging things out and filibustering?

Christmas is here and not a moment too soon, because I am totally discouraged. My children have no faith in the government and are asking me to step in and show people that it is possible to have that faith. I need your help and I would like to hear what each of you has to say about it. I apologize for being so intense.

Mr. Gallant, do you have any comments?

[*English*]

The Chair: Mr. Gallant, go ahead.

[*Translation*]

Mr. Denis Gallant: I am going to answer you by quoting what Justice Gomery wrote in 2005. I find it sad that here we are 15 years later, and in much the same place. In his preface, Justice Gomery wrote:

The Report that follows chronicles a depressing story of multiple failures to plan a government program appropriately and to control waste—the story of greed, venality and misconduct both in government and advertising and communications agencies, all of which contributed to the loss and misuse of huge amounts of money at the expense of Canadian taxpayers. They are outraged and have valid reasons for their anger.

I feel like we are in the same movie. It is easy to blame the pandemic. As I said in my opening remarks, the rules are made to be loosened, and we can understand that in certain situations. Yes, the urgency was there, but in varying degrees. We can say that the masks were urgent, but was it urgent to award a contract to a charity that was not even able to provide services to francophone Canadians? The plan was to use a Quebec organization for that. Did the government absolutely need to enter into it over the counter, without looking any further, as Mr. Blumberg said earlier, without looking at whether other organizations would have been able to provide the services at a lower cost?

Quebec is no better than any other province. It has lived through scandals. You are a member from Quebec, so you know that. At some stage, we had to stop beating ourselves up. The public inquiry shone a light on what was going on, but we also decided to establish monitoring agencies to make sure it never happened again.

A lot of good things have been done since the Gomery Commission. I have checked that out myself. However, we often think that, if we run into a problem, we will turn it over to the police. That's what I cannot stand.

I am a former Crown prosecutor—

• (1445)

Ms. Marie-Hélène Gaudreau: Mr. Gallant, we just opened a big door. A major collaboration is coming. I do find the *Autorité des marchés publics* to be an extremely valid solution. We may not have time to go through the entire issue, and I would like to hear Mr. Blumberg's comments.

I just want you to know that, if there is one party with no interest in taking power, it's the *Bloc Québécois*. We represent our world, which happens to be Quebec. When you talk to me about that, I drift off.

Having said that, which countries can we learn from? Can you give me your opinion on that?

[*English*]

Mr. Mark Blumberg: If you want me to respond on the issue of the procurement in this case, I would say I'm always worried that we're going to learn the wrong lessons from a scandal. I will tell you that for the average charity receiving maybe... This is not even average, but about a quarter of charities receive government money. They receive over \$160 billion from three different levels of government—mainly not federal, mainly provincial—and the amount of bureaucracy that goes into government funding is quite high. It's extreme in some cases.

When you have a \$100,000 grant, you have a two-year process of filling in forms and other things. It's very extreme and it takes a lot of due diligence. Most government grants are done very well. This is completely atypical, in that it's such a quick amount, such a large amount, and then it's basically going to a shell corporation and things like that.

I would just say we want to learn. If anything, I would learn from this that this sort of thing shouldn't happen, but in fact we need to look at the whole system. That certainly applies to smaller grants from governments when they are giving away \$50,000 or \$100,000. There's probably too much scrutiny—

[*Translation*]

Ms. Marie-Hélène Gaudreau: So you agree, right?

[*English*]

Mr. Mark Blumberg: Yes.

[Translation]

Ms. Marie-Hélène Gaudreau: I believe my time is up but I have another question to ask.

Can you tell me quickly which countries we can learn from?

[English]

Mr. Mark Blumberg: The Americans, for example, ask for a lot more information than the Canadians do, as do the British, the Australians.... In fact, we're very far behind, yes.

The Chair: Thank you very much. That's all the time we have.

Now we go on to Mr. Angus for six minutes.

[Translation]

Ms. Marie-Hélène Gaudreau: Thank you very much.

[English]

Mr. Charlie Angus: Thank you, Mr. Chair. Just before you press that timer, I want to ask two quick questions. One, will we be doing a second round? I ask because I see the clock is moving here.

Also, I understand Mr. Erskine-Smith is bringing up the issue of our bringing Pornhub as witnesses, and I missed the first part of the meeting. Will that happen at the end?

The Chair: Yes. I've stopped the time.

Mr. Erskine-Smith was kind enough to say that he would deal with it at the end so that it wouldn't interrupt the two panels, because we have four witnesses who apportioned their time today with us.

Mr. Angus, it's 2:48 right now, but if I can get unanimous consent, I can add two and a half minutes to your time right now, so you'd have an eight-and-a-half-minute portion, if you'd like.

Mr. Charlie Angus: I would love everybody and I would sing to you forever—or stop singing—if my dear, sweet colleagues, whom I've treasured so well for the last six months....

It's Christmas. Come on.

The Chair: I'm going to assume there's consent, because I don't see any shaking heads.

Mr. Charlie Angus: Thank you so much.

Mr. Scott, thank you for joining us today.

Palantir is a new feature in Canada. We're learning a great deal about them, partially because they hired our ambassador to the United States and he got himself into deep trouble for lobbying when he was not legally allowed to. We also learned that the Canada pension plan has become a massive investor in Palantir.

Correct me if I'm wrong, but my understanding is that Palantir came out of the weaponization of data in Iraq and Afghanistan with money that had come from the CIA's venture arm, In-Q-Tel. Is that how a lot of this technology developed initially?

Mr. Jeramie D. Scott: That is correct, Mr. Angus.

Mr. Charlie Angus: I'm thinking of an article that I read in Bloomberg in 2018 that said, "Peter Thiel's data-mining company is using War on Terror tools to track American citizens. The scary thing? Palantir is desperate for new customers."

The work that Palantir has done in terms of the Falcon project and going after migrants—work that was previously done in going after counter-insurgents in Afghanistan—was played out in the United States' streets.

Does that create serious questions about the human rights abuses that have been linked to Palantir through Amnesty International and other studies?

• (1450)

Mr. Jeramie D. Scott: It does raise questions. Part of the issue, obviously, is that there's a lack of transparency with respect to the sophisticated data mining software that Palantir uses, the data they have access to and how that data is used by the U.S. government and other governments.

Mr. Charlie Angus: The pitch that Palantir gave here was doing pro bono work, and my Liberal colleagues have been saying how great it was that everyone stepped up to help out in the pandemic. Palantir is just one of those good neighbours that showed up across our border willing to do stuff for free to help us. Our Ethics Commissioner didn't buy that story. He said that if you offer pro bono, it means you're trying to get contracts.

Do you think that Palantir is in the business of doing decent, neighbourly work? They had meetings with our chief of defence. What would you tell Canadians about trusting gifts coming from Palantir?

Mr. Jeramie D. Scott: My perspective would be similar, in the sense that if they are offering pro bono, it's for a reason, whether it's to get government contracts or to basically get access to free data to use in fine-tuning their software offerings or both.

Mr. Charlie Angus: A big part of their operation is getting the data. I'm concerned about it, because they got to meet all the way up to our Deputy Prime Minister, yet I see that Peter Thiel, when I've been looking up information on him, has been tied to extremist groups on the far right of America. He said, "I no longer believe that freedom and democracy are compatible."

In terms of the culture that Palantir brings to this, right now the Canada pension plan has become one of the largest investors in Palantir. The Canada pension plan—an excellent group—has a human rights frame or lens that they must apply when they're seeking out investments.

Would you question whether CPP had done due diligence if they're willing to do business with Palantir?

Mr. Jeramie D. Scott: I would question whether they did due diligence, given the way Palantir software is used by a government entity like Immigration and Customs Enforcement, which has been involved in some serious issues related to human rights when they've gathered and caged kids and separated families, etc.

Mr. Charlie Angus: Yes. Certainly we've seen the footage of the caged children. It's been very, very frightening for us on this side of the border. I want to thank you for that.

I'm going to move now to Mr. Blumberg. I was interested when you said that you've studied the Kielburger organization for some time and you figure you have about a 20% picture of how they operate. I've been on committees for 16 years, and I haven't found almost anything as difficult as this.

They have multiple corporate entities, shell corporations and organizations in Canada, the United States and Kenya, and it's all focused on the charity work they say they do. It's Kenya and the children.

Here's a company, Kiel Initiatives Ltd. We found it in their filings. They sold water in Kenya under the ME to WE label. We later found out that they were banned in Kenya. My daughter, who worked in Africa, said, "You have to really do something, Dad, to get banned in Kenya." The Kielburger group was running this water company, yet still being a charity. Is that something that would raise alarm bells with these multiple holdings, real estate organizations and side deals that they're running?

Mr. Mark Blumberg: Yes, absolutely. It's not that charities can't do business; there are charities that do lots of business. If you ever go to a hospital and you park in the parking lot, that's a related business. It could be perfectly fine.

What is unusual here is that normally the charity owns the business. The business isn't owned by one or two other people, with the charity providing certain recruitment or volunteers or other things to the business owned by someone else. That's really the anomaly.

I'm all for charities doing business activities. I just want it to be so that when the charity does a business activity, if there's a profit or an appreciation in the value of the business—and many businesses don't have a profit, but there's appreciation in their value—I want that to go to the charity.

• (1455)

Mr. Charlie Angus: Well, that's an important question. We don't know how the finances work. We've been told that 50% goes to the charity, but then it was 80% and then it was 100%, and we don't get to see.

Now, in terms of their structure, for the Kielburger brothers, as we learned, Marc Kielburger did all the main negotiating for the big stars to come to the WE events. Craig Kielburger did all the negotiating with government on the contract with the WE scandal.

They said that they didn't need to register to lobby because they were just volunteers, yet they had the power as volunteers to fire their board of directors when the board of directors of their charity asked for financial documents. Is that something that raises serious alarm bells, the fact of this sort of quasi-founder status? How they operate.... I haven't seen anything quite like it.

Mr. Mark Blumberg: On this in particular, and certainly the scope of it, I haven't seen anything like it either.

What I would say is that from a legal point of view, it may be legally appropriate that the two of them were not registered under the Lobbyists Registration Act, but what I would say is that for the

WE organization, WE Charity, there's no question in my mind that they should have been.

Even in their testimony, they said that it wasn't like a substantial part of what they're doing, but that's not the test. The test is this: Is it one-fifth of an FTE, basically, even on a monthly basis, working on it? There is no question. They said it took a handful of people to basically do this \$543-million proposal, and certainly for other groups it takes them six months and hundreds and hundreds of hours—thousands sometimes—to put this stuff together. I think there's no question that they should have been, whether....

Exactly who should have been registered is one issue. The other thing that's going to be a big issue for the commissioner is that if there isn't any impact and basically they just get to say, well, we filed these 65-plus reports, and then there are no other consequences, it's going to completely undercut the whole lobbyist registry system for charities. I think a lot of charities are going to say that they can pretty much meet with the government 60 times before anyone's really going to really say anything, and then if they get caught, they'll just file these things.

I mean, I've heard of—

Mr. Charlie Angus: Mr. Blumberg, just in my final seconds, I know a lot of charities that register to lobby, and they're going pretty much for contracts that are worth peanuts compared to what the Kielburgers were going for. That Craig could write directly to Bill Morneau and say, "Hey, Bill, how's your family?", and ask for \$12 million and get it 11 days later, seems to me to be a pretty staggering inside track that I haven't seen anywhere else. Is that common in the charity circuit?

Mr. Mark Blumberg: Oh, definitely not. As I said, it can take years to get government money.

The Chair: That's all I can give you, Mr. Blumberg.

Mr. Charlie Angus: Thank you so much, Mr. Sweet. You're a wonderful man despite what everyone says about you. I will have your back every day.

The Chair: No, no; that was with the agreement of the committee....

[Translation]

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

Mr. Jacques Gourde: Thank you, Mr. Chair. I am going to share my time with my colleague, Chris Warkentin. I just have one question for Mr. Gallant and Mr. Blumberg.

The people from WE Charity proved that they had a great deal of organizational capacity among young people, as they insisted. Their database indicated that they could reach a lot of young people in Canada. That would make all political parties envious, given that it's really very difficult to reach people in that category. We would really like to be able to do it, but we can't.

Could giving the contract to WE Charity have been returning the favour for any political organization done between 2008 and 2015?

Mr. Denis Gallant: Who is that question for?

Mr. Jacques Gourde: It goes to you first, Mr. Gallant. Then I will ask Mr. Blumberg to answer.

Mr. Denis Gallant: That may be speculation. We would not be able to prove it without a public inquiry or a police investigation. I may well have an opinion, but the lawyer in me is going to reply by saying that I don't have the standard of proof I require. It does raise suspicions, though, and they could be reasonable.

Mr. Jacques Gourde: What do you think, Mr. Blumberg?

[*English*]

Mr. Mark Blumberg: I would not know whether there was something of that sort. What I would know is this: There are many charities that have tremendous capacity and, in fact, what WE was doing was subcontracting much of the work to others anyway. There are lots of charities in Canada that could have done the job of pulling something together and subcontracting it.

Essentially, when you say to a young person who is in university, "You could get \$5,000 by filling in a form", you don't really need to have an extensive network to get 40,000 people to apply. On Twitter and a few other things, it gets out there, and before you know it, within days you'll have 40,000 people. You might have 400,000 people applying for the program.

I don't think they needed some of the skills that we did have, and they weren't doing rock concerts or anything like that. There were other skills needed that weren't there, whether it was the French language skills or some of the governance issues or things like that, but I can't comment on that. I am just concerned with the information they collected. I don't know what's happened to it. I don't know what's happened with that. They've talked about WE shutting down, but then I see other indications that they are still fundraising and doing things, so I'm really more confused than anything else.

• (1500)

[*Translation*]

Mr. Jacques Gourde: I am giving the rest of my time to my colleague, Chris Warkentin.

[*English*]

Mr. Chris Warkentin: Thank you, Mr. Chair.

Thank you to my colleague.

Mr. Blumberg, I would like to ask your opinion on why a charity would create a real estate shell company and ask the government to deposit these funds into it. Is there a reason that you can ascertain as to why that was done?

Mr. Mark Blumberg: Yes. First of all, let's remember that they applied for charity status around 2019, long before COVID, CSSG and everything else. Why you might not want to have real estate in your operating company is for liability reasons. If there is a problem, you want to put it sometimes into a holding company. It is very commonly done with for-profit companies when you think of how they operate with holding companies, operating companies, maybe multiple operating companies and things like that.

There is nothing wrong with that, and they said to CRA that this was going to be a holding company that was going to hold about \$40 million worth of assets. Then they flipped it around and switched it around, which is fine too, and they changed the objects. I don't know if they got CRA approval. I just don't know, but they changed things so that it has broader purposes to be able to do other things. This was done in June of this year, and then it was being used for that.

That, I don't think, is untoward. What is weird is how they denied that it was ever a real estate holding company when it is so clear that it was, but then it was changed. What was more, shall we say, unusual, was that the government would agree to this. It's not that we would create a shell company.

If I were going to ask someone to pay me \$100 million, it would be nice to say that I was going to set up a shell company so that WE Charity doesn't have any liability, but I have never... I wouldn't say never. I can't recall a time when I've seen a government department give any amount of significant money to a shell. There could be good reason to do it, but I'm just not seeing it here, and I don't understand why they did it.

Mr. Chris Warkentin: There are a lot of questions.

Do you see any legal impediment for this shell company to do business with ME to WE, to ask that company...? Would there be any restrictions through this government contract? Was there anything the government did to restrict whatever this shell company is that got the money to contract ME to WE to do some of this business, some of the work?

Mr. Mark Blumberg: I haven't looked at the contract in a few months, but my off-the-top comment would be that WE is a little bit of an integrated entity, so I don't think there was any reference to the for-profit companies, but there are references to the other charity, non-profit sort of entities there, and those entities then could have, for example, tasked the for-profits potentially to do it.

In other words, this contract itself may not have, but there is no question that there could have been huge gains potentially—

The Chair: Mr. Blumberg, I'm sorry, but time is our enemy again.

Colleagues, just so you know, it's 3:03. We're going to allow Mr. Nathaniel Erskine-Smith his round and then Madame Gaudreau her round, and then we'll do the committee business after that. It shouldn't take us too long. There's one motion and a budget that you've all received.

Mr. Erskine-Smith, you have five minutes.

Mr. Nathaniel Erskine-Smith: Thanks very much, Mr. Chair.

It's not easy to surprise me, since I've been in politics since 2015, but here we are talking about the WE Charity scandal on the last day of Parliament in December, and I'm a little surprised.

I was maybe the first one to criticize publicly, as far as our Liberal Party goes, but there is some reason for criticism in terms of how this rolled out. The Prime Minister obviously acknowledged that there was good reason for criticism, as the program was cancelled. I personally thought the Canada summer jobs program was one way of going, but of course this was a different conception of the program. The government saw a way of engaging young people in a more serious way, whereas I took a more employer-centred view.

I first want to get some of the facts straight in my head, because I have not been part of the proceedings.

Mr. Blumberg, when you say it was a grant of \$543 million, you're not in fact saying that WE Charity was to receive \$543 million. You recognize, in fact, that most of that was going to go to the students, right?

Mr. Mark Blumberg: No. Let's start off with WE Charity, which was actually not going to get any money under this grant. The Liberal Party announced, first of all, the \$912 million. I'm talking about their announcement. If you look at what they announced, it was \$912 million to WE Charity, but in fact that was completely incorrect. It was actually \$543 million to WE Charity Foundation, and what they could have kept was about \$43.5 million.

• (1505)

Mr. Nathaniel Erskine-Smith: All right. Then in your opening testimony, when you said it was a \$543-million grant to WE Charity, in fact it was a much smaller number that would have flowed specifically to WE Charity in the end—

Mr. Mark Blumberg: No, no, no, no.

First of all, I agree with you. Canada summer jobs is a great program. Let's double it. It's a fantastic program.

Mr. Nathaniel Erskine-Smith: You might agree with me a second time, though, in that most of the money would have flowed directly to students.

Mr. Mark Blumberg: No, not directly. It would have gone to WE Charity, and then WE Charity, at their discretion, would have doled it out to students, which is a position of tremendous power. If any one charity has that level of power, I'm concerned.

Mr. Nathaniel Erskine-Smith: However, you ultimately acknowledge that it wasn't \$543 million that would have ended up in WE Charity's bank account.

Mr. Mark Blumberg: No, it was not \$543 million that WE Charity, if they did the program, would have got to keep, but the amount—

Mr. Nathaniel Erskine-Smith: It might be that I misheard, or it's possible you misspoke, but either way....

You are right, though, that parliamentary committees often are not the most efficient, but in fairness, parliamentary committees in this case received thousands of documents. I reviewed some of the emails and correspondence between officials. Did you review those same emails and correspondence between officials before your testimony today?

Mr. Mark Blumberg: I was never provided with those documents. If you want to provide me with documents, I'm happy to look at them.

Mr. Nathaniel Erskine-Smith: I wasn't provided with them either, but I did read the news and the emails that are public.

Mr. Mark Blumberg: Oh, absolutely; I've read excerpts and things such as that.

Mr. Nathaniel Erskine-Smith: In those excerpts from public officials I think you would have seen, or I hope you saw, the witness testimony in these proceedings before testifying yourself. Certainly you saw representatives from ESDC say in their own words that it was their recommendation and they did in fact think this organization was best placed to deliver the program.

Mr. Mark Blumberg: I have seen that, and I also believe that there was a little issue that some disclosure wasn't provided to some of the committees about certain meetings.

However, the point is that I agree. That is what ESDC is saying, and if that is correct, there's a bigger problem that will not be solved by Mr. Morneau leaving. We have a problem of ESDC's due diligence capacity not being at the standard that it needs to be.

Mr. Nathaniel Erskine-Smith: Have you spoken to anyone who was engaged to work in this program?

Mr. Mark Blumberg: I don't know what you mean by "engaged to work in the program".

Mr. Nathaniel Erskine-Smith: There were lots of teachers engaged to work in this program. I have spoken to a number of them. Have you?

Mr. Mark Blumberg: I have spoken to teachers who have done certain things, but no, I haven't spoken to specific teachers who were engaged in this program.

Mr. Nathaniel Erskine-Smith: Can you name another organization in this country that was so very connected with, say, the Toronto District School Board, school boards in Saskatchewan and school boards in Alberta as a matter of engaging young people to encourage young people to actively participate in this program?

Name—I don't know—say, two charities that have such an engagement with the school boards.

Mr. Mark Blumberg: I could guess, but first of all, the question is not really correct, because we're not trying to get high school students to get this grant. In my understanding, this was really geared towards university students; otherwise, you could have got kindergarten teachers to get involved as well.

The fact is, look at groups such as the United Way—

Mr. Nathaniel Erskine-Smith: Teachers in high school clearly have—

Mr. Mark Blumberg: —or the YWCA and YMCA. Lots of different organizations have tremendous capacity in Canada to do tremendous work.

In fact, I think you should be asking ESDC this question, because they have actually contracted—

Mr. Nathaniel Erskine-Smith: My last question is this. Recently I read the Bastarache report, “Broken Dreams, Broken Lives”. It talks about a toxic work culture in the RCMP and calls for an independent commission of inquiry into the future of the RCMP, and it is an incredibly serious ask.

You are coming before this committee, and for a program that never got off the ground—the dollars never ultimately were delivered, there is no money in the end that is going to be expended by this federal government and there was an apology and significant thousands of documents of disclosure—you are calling for a similar public inquiry. I just—

Mr. Mark Blumberg: Absolutely. Mr. Erskine-Smith, I think you've been one of the most forthright Liberals I've seen talking about this issue, but I'll tell you, first of all, that so much of this information could be provided in about one day by the Liberal Party, the government and WE Charity.

For example, I don't know, but have you reviewed ME to WE's financial statements? That is a very big, important issue in terms of where money is going. I haven't, and I don't think they're public. This could be disclosed in five minutes.

If you want to know why we need a public inquiry, it's because certain parties are not providing the information that can so easily be provided—

The Chair: That's all the time we have—

Mr. Mark Blumberg: —if they wanted to provide it. That's the only reason we need it. Provide the information by tomorrow and there won't be a problem.

The Chair: —Mr. Blumberg.

Our last questioner now is Madame Gaudreau for two and a half minutes.

[*Translation*]

Ms. Marie-Hélène Gaudreau: I understand what you are saying about the need to continue the oversight and to always keep the need for integrity in mind. In a few weeks, we are going to be receiving the report from the commissioner, who is currently following our meeting. So you should know that all your comments are very useful, especially when you constantly bring up the need for a public inquiry or say that we have to change our entire thinking, although we may not go so far as to question the finances of one party.

In Quebec, as we very well know, this has been reduced in order to avoid the perception of a conflict of interest. Conflict of interest can apply to gifts or to benefits. A benefit may also not materialize until later. Just now, I was listening to Mr. Scott, who had a lot to say. I did not let him speak.

When you offer something for free, you are expecting something in return. Actually, with technology, as we know very well, if you are not buying a product, you are the product. If you have not seen the Netflix film called *The Social Dilemma*, I recommend that you watch it. I watched it with my children and they asked me where we were all heading. That's why control measures are an absolute necessity.

I now have the names of countries, I have proposals. I really have everything I need to tell all my colleagues that this is urgent. We understand that there are many factors that we are not able to prove and we are still in the process of finding out who is right and who is wrong.

Let me give you the floor, Mr. Blumberg, because I don't believe you had finished just now when we were talking about countries. You were saying that Canada is far from the top of the class in terms of doing things well.

• (1510)

[*English*]

Mr. Mark Blumberg: Right. In terms of charity transparency, if you take a look at a site in America called GuideStar, you will see that GuideStar has the Form 990s for each of the American 501(c)(3)s that have to file there. You can see that sometimes it's 100 pages, 200 pages of material. It's a lot of material. There are lots of questions.

Our Canadian charity return is about nine pages, and most charities are filling in about two or three pages' worth of stuff, which is very little. In the end, I think that I'm doing it because I think that it's good for the charity sector to have more questions. I'll give you an example: There are no questions on volunteering, which is very important.

The T3010 gives too much preference to financial aspects. It makes big charities, in terms of budgets, look big, but a little charity with \$100,000 and 1,000 volunteers can be a very important charity. I think that it'll be a fairer form if we ask more questions, even if they're voluntary questions or they're done on alternate years or whatever to keep the burden in check. The amount of time it takes to put in the Form 990, I understand, is about 10 times longer than it takes to put in the T3010.

The Chair: Thank you, Mr. Blumberg.

Mr. Mark Blumberg: I'm not saying we should follow the Americans; I'm saying we should look and see what others are doing and learn from it.

The Chair: Thank you very much to all three of our witnesses.

[*Translation*]

Ms. Marie-Hélène Gaudreau: Thank you very much, gentlemen. This is really great.

[*English*]

The Chair: Your testimony has been very enlightening.

Mr. Charlie Angus: I have point of order.

The Chair: Yes, Mr. Angus. Go ahead on your point of order.

Mr. Charlie Angus: I am so glad to see Mr. Erskine-Smith back at our committee. He hasn't been here in two years, but because of his testimony, I feel he should have been here in July. He would have been the top student in July, but he hasn't read any of the documents since then.

If he wants, I could give him a tutorial on the meetings of April 17 and what happened in those meetings, or on the email of May 3, in which Ms. Wernick says that she is happy to go along with WE if that's what Minister Chagger wants to do, as it was ultimately her choice.

I really want to work with Mr. Erskine-Smith on so much, so I am offering to spend Christmas on this. Other people can join us. We could have a special tutorial, and I could walk him through the documents, because I think I am the only one who has read all 5,000 of them.

The Chair: I've only been chair of this committee for a short period of time, but we do have to create a reward for the person who can milk a point of order the most. That would be Mr. Angus, for certain.

Colleagues, let me excuse our witnesses.

Again, Monsieur Gallant, Mr. Blumberg, Mr. Scott, I thank all three of you so much for the in-depth testimony. I'm actually going to read the blues of this meeting again, because it was very informative in many different dimensions. Thank you, and you can certainly log off now. We have some committee business to deal with.

Mr. Mark Blumberg: Thank you very much.

Mr. Denis Gallant: Thank you.

Mr. Charlie Angus: Thank you so much.

The Chair: Colleagues, we can avoid going in camera. The budget was distributed to you. It's just for some basic things so that we can get testimony from witnesses. If there is no disagreement, I'll consider the budget unanimously passed.

Do we have consent on that?

(Motion agreed to)

The Chair: Thank you very much. Madam Clerk, you're good to go in that regard.

Now, as promised, Mr. Erskine-Smith, I give you the floor.

• (1515)

Mr. Nathaniel Erskine-Smith: Thanks very much.

Before I move the motion, I have spoken to Michael and also briefly with Charlie. I have not had a chance to speak with my Bloc colleague.

In relation to Bill C-11, I'm not going to move any motion on Bill C-11. I just hope that we have a common understanding. As we head into the new year, I hope to be a more permanent member of the ETHI committee when Bill C-11 will ultimately be referred to us.

Just so that we take advantage of January as much as we reasonably can, there needs to be a broad consensus that we'll work off-line to develop a work plan and witness list. We can then hit the ground running in a collaborative way when we get back. I just want to put that out there, and I hope there is broad consensus for that.

Specifically, you all have noticed, and I think we have all read, the horrifying stories in relation to the failure of Pornhub and

MindGeek to take down illegal content in a timely way, and that has seriously damaged lives. Women's testimony in media reporting has indicated very clearly that they have not been able to come back to living a normal life because of the damage of those videos and the images that have been shared.

As I provided notice, I move:

That the committee call representatives of Pornhub / Mindgeek, namely Feras Antoon and David Tassillo, to explain the company's failure to prohibit rape videos and other illegal content from its site, and what steps it has taken and plans to take to protect the reputation and privacy of young people and other individuals who have never provided their consent.

The Chair: Colleagues, I suspect, based on those I have spoken with, that there is pretty much agreement on this motion and not much debate.

Madame Gaudreau, do you want to weigh in?

[*Translation*]

Ms. Marie-Hélène Gaudreau: Thank you, Mr. Chair.

I think there were some problems with the interpretation but I understand that we now have to vote on something. Can you tell me what that is?

[*English*]

The Chair: Madame Gaudreau, there was a notice of motion given by Mr. Dong. Mr. Erskine-Smith is actually filling in for Mr. Dong, so he moved the motion that the two owners of Pornhub and MindGeek be called before the committee.

Obviously I am going to open it up to debate, but as I said, I only mentioned at the beginning that there seemed to be agreement with the colleagues I had spoken with that we would like to do this when we get back.

[*Translation*]

Did you understand, Ms. Gaudreau?

Ms. Marie-Hélène Gaudreau: Thank you, Mr. Chair.

I did understand, but, given that I was not up to speed, I have to think about it for a few moments. If there is any documentation, I will certainly have to read it. You are taking me by surprise and so I am unable to express an opinion on anything at the moment.

[*English*]

The Chair: The clerk will resend the motion to you, Madame Gaudreau. The notice of motion was tabled before the committee a couple of days ago, but we're going to send it to you right now.

I have two other hands up, so we'll deal with those two hands while you're taking a look at the motion, Madame Gaudreau.

Go ahead, Mr. Angus.

Mr. Charlie Angus: Thank you so much.

I thank my colleague for stepping forward with this motion. I had been looking at this issue as something that we maybe would have looked at under Bill C-11 in terms of privacy rights.

The shocking news that we've seen—and shocking news internationally that has come out—is that Canada is home to a company that has been accused of hosting child pornography, revenge porn and non-consensual acts that have destroyed lives. It is something our committee needs to take very seriously. I think we need to bring in the owners of Pornhub.

I think we need to find a way to allow some of the survivors of this horrific abuse to speak to us if they're willing. If that's the case—and we don't have to debate that now—perhaps we could provide a safe forum where they could testify if they don't want to testify in public, so that they could provide that testimony to us. We should make that offer so that we know what the real-life impacts are.

Another issue that concerns me, a broader issue that Mr. Erskine-Smith and I dealt with to some degree in the last Parliament, is the safe harbour provisions. The safe harbour provisions allow large tech giants to be legally absolved from some content that is extremely destructive. In the past, we dealt with content that was extremist, racist and violent, content that has led to people being hurt and killed in other jurisdictions, but under the safe harbour provisions, you have to go after the person who posted it, which is not always easy.

If we had no safe harbour provisions for sites that post sexual violence and attacks on children and they were liable, that content would be down immediately, and it wouldn't get up there to begin with.

I think our committee can look at this issue. I don't think it needs to be a big study. I think we need a study that reports to Parliament. We could do this in a couple of meetings. Urgency is important. We need to vote on it today so that we're ready in February to deal with it. I would like to suggest two meetings and then a report. We could have more meetings if needed.

This is the kind of thing that our committee needs to be able to report on to Parliament with recommendations that we can move on very quickly.

As for Mr. Erskine-Smith's other suggestion about January, I certainly am very interested in talking about witnesses for Bill C-11, because I think this is going to be a very important study. I'll make myself available as long as we're not.... Maybe more informally, as a subcommittee, we could just talk through some of this and find a way to get ourselves oriented for February.

Those are my comments. However, I'm definitely ready to vote on this motion now.

• (1520)

The Chair: Thank you, Mr. Angus.

Go ahead, Mr. Barrett.

Mr. Michael Barrett: Thanks very much, Mr. Chair.

Welcome, Mr. Erskine-Smith. I only had the opportunity to be on a committee briefly for a few appearances during the justice committee last year. I'm looking forward to it.

We have to take meaningful action to protect victims of child abuse and sex trafficking. When these abuses are documented on

video and then put online, they're there forever. Once they're online, as we saw with reports in *The New York Times*, there's no getting them down.

It's very concerning that we have the distinction of being home to this organization. Certainly, they should come and appear before committee. Conservative members are prepared to support the motion and to move swiftly to a vote.

With respect to preparations for looking at government legislation, I'm definitely open to assisting with an informal working group to get witnesses and a timetable worked out and presented to the committee. We can circle back on that off-line.

The Chair: Thank you, Mr. Barrett.

Madame Gaudreau is next.

[*Translation*]

Ms. Marie-Hélène Gaudreau: Thank you, Mr. Chair.

I have done my homework, I have familiarized myself with the motion. As I understand it, it replaces Mr. Dong's motion. We are probably all tired. Some bits really escaped me. By the way, my thanks to the interpreters.

So we are going to vote on this today in preparation for when we return. That is the bit that I did not understand. I did read the motion and I had time to listen to you.

I am always very wary, particularly with the whole matter of videos aimed at young people. That really concerns me.

We just must not forget the reason why we are meeting today. Life goes on and clearly, we have to deal with what drops into our plate. However, it would be worthwhile for everyone to be able to read everything we just heard at the committee. It contains a lot of good material for our structure.

I hear it said that the current situation is much the same as it was 10 or 15 years ago. Canada is actually far behind in terms of protecting personal information. That has consequences on international trade.

Perhaps this is not the case for you, but it affects me enormously. It is urgent for us to act. We must have transparency and we must make sure that people are protected. This is part of that protection.

I am ready to vote, keeping in mind that we have a lot of work to do. I am ready to work, and work even harder, because people deserve us to make everything better and to provide them with the very best.

• (1525)

The Chair: Thank you, Ms. Gaudreau.

[*English*]

I hope this translates okay, but thanks for setting the bar high for us. It's a high standard.

Going back to Mr. Angus's comment, I was thinking exactly that, and if you'll give me that latitude in this motion, we'll reach out. A couple of the young ladies, I believe, have been public in their statements. We'll reach out to them, and to me it would be advantageous to have their testimony first, because then we'd have sworn testimony before the committee that we could refer to when we get the characters from Pornhub and MindGeek before us. If you will give me that latitude, I'll work on that for the two meetings Mr. Angus suggested.

Is there a consensus around that? I see there is.

There's one last thing. I think we have unanimous consent as well in regard to the motion. Is that clear as well, colleagues?

Okay. I think that might be our first unanimous vote.

Thank you very much, colleagues—

Mr. Michael Barrett: Mr. Erskine-Smith is the great consensus builder.

Mr. Nathaniel Erskine-Smith: You just haven't had me on the committee.

Mr. Charlie Angus: Yes, look at that. You wouldn't have given us 40 days of filibuster.

Chair, on that motion, are we reporting this to Parliament? I don't remember if I saw it, but I want to make sure that we have a report to Parliament in that motion.

The Chair: It's not in the motion, but again, if there's consensus that we report it back to Parliament... I certainly see consensus right now with the nods, the thumbs up and the faces. I don't see

any resistance to that idea, so we will do the meetings as well as a report.

Mr. Nathaniel Erskine-Smith: Thanks, all, and Charlie, I look forward to spending Christmas with you reading 5,000 emails.

Mr. Charlie Angus: You're going to be so well schooled by the time you're done.

Mr. Nathaniel Erskine-Smith: Thanks, all. I appreciate it.

The Chair: Thank you.

We have such a kind clerk. She keeps telling me to remind you that we are televised.

Mr. Charlie Angus: That's okay.

The Chair: Colleagues, have a very merry Christmas.

There is no agreement in regard to virtual meetings, so our next meeting will be when the House sits again.

Take the time to have some rest. Obviously, we're going to have some back-and-forth emails in regard to the upcoming Bill C-11. I welcome that as well.

Be safe and spend some time with your family, at least as far as the local laws permit. We'll see you back in 2021.

[*Translation*]

Merry Christmas and a Happy New Year.

Voices: Happy holidays.

The meeting is adjourned.

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