



House of Commons
CANADA

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

HUMA • NUMBER 008 • 1st SESSION • 39th PARLIAMENT

EVIDENCE

Thursday, June 15, 2006

—
Chair

Mr. Dean Allison

Also available on the Parliament of Canada Web Site at the following address:

<http://www.parl.gc.ca>

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

Thursday, June 15, 2006

• (0900)

[English]

The Chair (Mr. Dean Allison (Niagara West—Glanbrook, CPC)): I call the meeting to order. Pursuant to Standing Order 108, the Standing Committee on Human Resources, Social Development and the Status of Persons with Disabilities is meeting to follow-up the Auditor General's 2002 status report, chapter 1, "The Integrity of the Social Insurance Number".

Before we start, I would like to take the time to acknowledge the presence of a delegation from the Audit Board of the Republic of Indonesia, led by its vice-chairman, Mr. Abdullah Zaini. Welcome.

Some hon. members: Hear, hear!

The Chair: The Office of the Auditor General is hosting a three-day visit of the delegation, for it to learn about the role and the work of the office and its relationships with key stakeholders.

We welcome all of you and are most certain that your visit will fulfill all of your expectations, as you are surely in very good hands.

Today we are receiving the Auditor General in follow-up to the letter she sent us on May 12, 2006, concerning the 2002 study on the integrity of the social insurance number. The Auditor General will make a brief presentation, and then she will be available to answer members' questions. It should take approximately 30 minutes, then Ms. Fraser will have to leave because of another commitment. The officials of the department will provide us with a briefing regarding work accomplished since the AG's study was released, and will also provide us with information on upcoming projects in regard to these issues.

Without further comments, I would like Ms. Fraser to give her presentation.

Ms. Sheila Fraser (Auditor General, Office of the Auditor General of Canada): Thank you, Mr. Chair.

We thank you for this opportunity to meet your committee and to discuss our most recent audit on the integrity of the social insurance number.

I'm accompanied today by Nancy Cheng, the assistant auditor general in charge of this portfolio, and Sylvain Ricard, the audit principal for the portfolio.

We have been monitoring the management of the social insurance number for several years. However, our most recent audit work was

reported in 2002. Our comments today are therefore based on observations from four years ago. Since then there have been major changes in the organization of the department that is mainly responsible for managing the social insurance number, Human Resources and Social Development Canada.

[Translation]

We initially audited the management of the SIN in 1998 and observed serious weaknesses in the process for issuing SINs and in maintaining the Social Insurance Register. We followed up in 2000 and found that the department had taken several measures to improve the management of the SIN and was planning more. When we looked again at progress in 2002, we concluded that the Department had not done enough to safeguard and strengthen the integrity of the SIN.

This Committee and the Public Accounts Committee undertook studies of the management of the SIN after the tabling of our report, and made additional recommendations.

In 2002, we made observations and recommendations in four areas: the role and use of the Social Insurance Number; the process for issuing SINs, the integrity of the Social Insurance Register; and the conduct of investigations of SIN-related fraud.

We observed that the Department was not limiting its uses of the SIN to those authorized by government policy. Under government policy, programs can only use the SIN if they are authorized to do so by legislation or with approval by Treasury Board. We reported that three programs in HRSDC were using SINs without authorization.

• (0905)

[English]

While these specific cases were clearly not consistent with policy, we also observed that government policies on the use of the social insurance number had not been updated since 1989 and were not entirely clear on how the number should be used. In that regard, we observed that it was unclear whether HRDC was using the social insurance number as simply a number to manage a client's file or also as a means to establish their identity. Properly identifying clients is a fundamental control of any government program. We reported that the Treasury Board Secretariat was undertaking a review of government policies related to the social insurance number.

With regard to the issuance of social insurance numbers, we found that the department's policies and practices did not meet the intent of the Employment Insurance Act and regulations. We found that the documents the department required before issuing social insurance numbers were not sufficient to prove both identity and citizenship; that staff lacked adequate tools and training to confirm that the documents presented were authentic; and that the 900-series social insurance numbers, intended for temporary use, had not expired.

We also reported that there was still a difference of five million, at that time, between the Canadian population according to Statistics Canada and the number of usable social insurance numbers listed in the social insurance register. While there could be valid reasons for a difference, we observed that HRSDC needed to explain the variances fully. As well, there were still more than eight million usable social insurance numbers in the register that had never been supported by proof of identity documents, because they had been issued before 1976. We recommended that the department set goals on how complete and reliable the information in the register should be, and to take steps to meet them.

Finally, we observed that the department had not done a comprehensive risk assessment to manage investigations of possible fraud related to social insurance numbers.

Each year we request updated information from all government departments on action and responses to our recommendations. This information is used to assess our performance and is reported in a summary form in our departmental performance report. Through this process, we have received updates on progress since 2002 by the department on how it has been addressing our recommendations on the social insurance number. We do not audit this information, but we do assess its plausibility based on other publicly available information and our ongoing knowledge of the department.

[*Translation*]

Information provided through this process indicates that actions remain incomplete on certain recommendations from the 2002 audit, including: obtaining authorization to use the SIN for all departmental programs that are currently using it; setting goals for the completeness and reliability of the Social Insurance Register; and implementing a means to check the validity of identity and citizenship documents with the issuing authorities.

I emphasize that these updates are not audited information. During the parliamentary committee hearings that followed the tabling of the 2002 report, we committed to conduct a further follow-up audit of the management of the SIN at a future date. We are currently planning that audit, and expect to report it next year. At the same time, we will be in a position to provide a more complete assessment of progress in responding to our 2002 recommendations. We welcome the Committee's views on any issues that may be of particular interest to it and that we should consider when we conduct this audit work.

Mr. Chairman, that concludes my opening statement. We would be pleased to answer your Committee's questions regarding our previous work or any other matter relating to our role, mandate and audit work.

Thank you.

● (0910)

[*English*]

The Chair: Thank you, Ms. Fraser.

In light of the fact that you can only be with us for another 20 minutes, I'm going to suggest that each party has one round of five minutes before we move into the next round.

Mr. Regan, please.

Hon. Geoff Regan (Halifax West, Lib.): Thank you very much, Mr. Chairman.

Ms. Fraser, thanks for coming this morning with your officials.

Let me ask you a bit about the process you follow in terms of following up past reports you've done. You talked about how you receive information from each department, and that you assess it on the basis of publicly available information and your ongoing knowledge of the department.

Can you tell me how long it's been since you've last done that with relation to HRSD and these issues? How does that work?

Ms. Sheila Fraser: We do that follow-up—though I'd hesitate even to call it follow-up. We receive information from the departments on the progress they're making on recommendations, for use in our own performance measures in our departmental performance report. So each year we indicate how many recommendations have been implemented four years after we have made them. So the information is used to do that performance indicator.

I would hesitate to go into a lot of detail on what the department has given us, because we haven't actually audited it and are thus reluctant to do that. But based on the information we have received, we can see there has been some progress, but it would appear there are still outstanding issues that have to be dealt with. Obviously we will be confirming the status of progress when we do a complete re-audit, which we will be undertaking very shortly.

Hon. Geoff Regan: Mr. Chairman, one of the things that concern me, and many people of course, about the SIN and the concerns you've raised is not only that a social insurance number by itself allows people to obtain certain benefits from government, but also that it may perhaps be used to get other identification or to prove identification.

Could you elaborate a bit on your concern today, as things stand, about the process used to get a SIN card? In other words, how valid is the SIN card as a proof of identify, and what dangers may it present when it is used?

Ms. Sheila Fraser: When we did our last audit in 2002, we raised a major concern about the use of the social insurance number because, as Mr. Regan mentioned, it is used very much in the private sector and is used in many cases to establish the identity of a person.

We were also concerned with the whole question of theft of identity. If it were very easy to get the card, it would make it easier for people to assume someone else's identity. We encouraged the government to address that issue and to clarify what purpose they saw the social insurance number filling. The response at the time in 2002 was, "The government reaffirmed its policy that the SIN was only an account number for authorized federal programs". Our status report went on to say that the government, "To help protect personal information...is implementing the Personal Information Protection and Electronic Documents Act".

I would certainly encourage the committee to perhaps re-question the department on that, because it's our understanding that as the government moves forward with Service Canada and one-stop service delivery, the social insurance number is becoming even more key in that whole delivery mechanism.

The integrity of the program or the validity or checking of who actually receives a card is one thing, but with all the cards that have been issued without any check on the authenticity of documents, which happened before 1976, there are discrepancies between the numbers of population and the numbers in the registry. So the integrity of the registry becomes even more important, I believe, which will obviously be an issue that we look at going forward.

Hon. Geoff Regan: I only have a few seconds, so let me ask you this: do you feel there should be some mechanism whereby a stronger link is made between the individual and the number, so that the person can't, for instance, pass the card to someone else without the government really knowing who's who? The identity thing can be very difficult to prove.

• (0915)

Ms. Sheila Fraser: We were certainly encouraging the department to explore the exchange of vital statistics with provinces, for example, and to re-look at the documents they were accepting. For example, they were accepting baptismal certificates, and I think a lot of provinces have indicated there are problems with their authenticity. If I recall correctly, what we found a little surprising at the time was that the passport wasn't an accepted document to get a social insurance number, yet it's one of the few documents where you can actually have proof of citizenship and who the individual is, because of the picture.

So there were issues around the documents that could be used in the application and around the notification from provinces, for example, of deaths. I believe some work has gone on with that, and I'm sure the department will be briefing you on that.

The Chair: Thank you, Ms. Fraser.

We'll move to the second round.

Mr. Lessard, for five minutes, please.

[Translation]

Mr. Yves Lessard (Chambly—Borduas, BQ): Thank you, Mr. Chairman.

First of all, I want to thank Mrs. Fraser and her entire team for joining us today. I'd like her to know how very much we appreciate the work she is doing as well as the high level of professionalism

displayed by her and her audit team. The work you do is always very relevant and enlightening to us.

I would like to focus first on the purpose of the SIN, which originally was threefold: to identify people, to monitor the Canada Pension Plan and the Quebec Pension Plan, and to monitor Employment Insurance. Over time, measures were not put in place to prevent the use of the SIN for other purposes. And that's exactly what has happened.

Did your audit give you some idea of how the SIN might be used productively today, compared to its initial purpose and in light of circumstances which have evolved over the years?

Ms. Sheila Fraser: As I indicated earlier, we last reviewed this matter in 2002. At the time we were greatly concerned about SIN use. Obviously the federal government uses the SIN to identify program benefit recipients. However, we also know that it is widely used for different purposes by the private sector. We queried the government about the situation and wondered if perhaps it shouldn't amend its policy to make the SIN nothing more than an identification number for federal government programs. The government reiterated its position at the time, that is in 2002, that the SIN was indeed nothing more than an identification number for federal government programs.

Clearly, this is an issue that we will be examining once again. We're hearing, as is Service Canada, that the importance of the SIN is growing. We need to find out whether or not the federal government has changed its policy.

Perhaps that's a question that the committee could put to departmental representatives who will testify after us today. You could ask them if they've examine the whole issue and if they have different opinions as far as the policy is concerned.

Mr. Yves Lessard: In fact, we've observed that in the case Service Canada, which handles service requests for 12 or 14 different departments, it's relatively easy to use the SIN for other purposes.

Now then, I'm going to stray a bit from the subject at hand, because I believe that along with our colleagues, we'll be able to look into this matter.

In the course of your work, have you had an opportunity to examine the budget allocated for compassionate care leave? I'd like to take advantage of your presence here today to ask you to examine the whole area. If memory serves me correctly, \$159 million was allocated for compassionate leave. Apparently, the cost of administering this leave was \$70 million, whereas the actual cost of compassionate care benefits was \$11 million.

We'd like some assurances that this analysis is correct. Perhaps you could enlighten us further at a later date, unless you're able to do so right now.

• (0920)

Ms. Sheila Fraser: This is not an area that we've looked into thus far, but we will certainly consider this at some future date.

Mr. Yves Lessard: I just think it would be a good idea to examine this program and the whole area of employment insurance, one of the department's largest budget components. It accounts for \$16 or \$17 billion annually. It would be useful for us to take a closer look at the EI account and discuss with you the potential social impact of diverting funds from this account.

I use the word "divert" without any hesitation. I suppose I could use a different word, but I find it quite appalling that over the past 10 or 12 years—and you even warned us about this—close to \$50 billion has been diverted from the EI account.

Ms. Sheila Fraser: As you doubtless know, each year our Office conducts a financial audit of the EI Account. Approximately two or three years ago, we did a management audit and made a number of observations about the surplus in the account. If you like, we'd be happy to come back and discuss with you our audit work.

[*English*]

The Chair: Thank you, Mr. Lessard.

Mr. Martin, five minutes please.

Mr. Tony Martin (Sault Ste. Marie, NDP): Thank you very much. I know from your report that since the 2002 report you have asked the department for regular updates. How many of those have you actually got from the department?

Ms. Sheila Fraser: We get an update every year. Every year we get updates from all the departments on the progress made on recommendations.

Mr. Tony Martin: Okay. And you've suggested in your report this morning that even though you got those updates, there really wasn't any indication that anything significant was being done to respond to the recommendations you made.

Ms. Sheila Fraser: I believe there has been progress in some areas. But we still know the areas where there are concerns; for example, authorization around the use of the social insurance number, gaps between the numbers and the integrity of the registry. We won't be able to confirm those concerns until we do the re-audit, which we are about to undertake.

Mr. Tony Martin: Certainly I've heard of instances of identity theft over the last couple of years. We've had a number in my own riding. It starts out with one piece, and then it grows. Before you know it, the whole thing is out of control. In the instances I've tried to look into, it's also been difficult for me to get a response from the department on how we might do something about that.

Did you make any recommendations on how individual cases might be dealt with?

Ms. Sheila Fraser: I don't believe we looked at individual cases per se and how they could be dealt with. We did raise our concern about identity theft and the importance of the social insurance number, and that it might affect government policy on the use of the social insurance number. Government policy, as we said—they restated it in 2002—was that it's simply a file identifier. If you treat it as a file identifier you will put in much different procedures to verify its integrity than if you treat it as a number that could be used by the private sector, for example, for a whole lot of other reasons.

The level of protection and effort you put in the system to ensure the identity of the person varies. In 2002, government reaffirmed

they'd treated it as a file identifier. That may have changed since then, and that is obviously an issue we will be looking at.

Mr. Tony Martin: I know you did a review of passports just recently. This is another piece of information many Canadians use as identity. You made some recommendations to that ministry, and they've seemingly acted fairly quickly on some of them. I know it's affected my ability as a member of Parliament in a rural and northern area to give service to my constituents, because now they have to show up in person at a passport office to get a passport urgently, if they make an application for a passport on an urgent basis. Members of Parliament used to be able to have the person come in, sit down with them, get their documentation, determine it was legit, send it off, and work with the department to have that done. We can no longer do that, and it sets up a two-tier system in the country. If you live in a bigger centre, you can just walk down and get a passport on a regular or an urgent basis. As a matter of fact, you can almost get it overnight if you're willing to pay enough. In my community, you have to drive eight hours to the nearest passport office, and that's often an overnight with tremendous expense.

Was that what you anticipated might happen? And how does that connect with social insurance numbers and how we make sure people have access, and we protect the integrity of that system, and yet make sure we're not discriminating against some folks?

● (0925)

Ms. Sheila Fraser: I think you've raised a very good point. In that passport audit, we raised a number of issues about the process, and especially over security concerns, as the passport office wasn't paying enough attention to security issues, given the events of the past few years. I recall that we raised a question about the process they had with members of Parliament, but we certainly never recommended they stop doing this.

Our major concern was with the way the passports were being sent. If I recall correctly, they would put them on buses and send them out. We asked, is this really the best way of delivering these documents; is there not a more secure way of doing it?

Now, if they've completely eliminated that, it was the passport office's decision; we never made a comment in that area. I agree with you that there's a balance that has to be made between the security of the process and the delivery of service to Canadians.

We are actually in the process now of doing a follow-up to that passport audit. The department did come forward with an elaborate, very good action plan to address the weaknesses we had identified, and the public accounts committee had asked us to go back and do a follow-up fairly quickly. So I believe that is under way, and we can certainly look at the issue of service and how to address that.

With the social insurance numbers, again the concern is with the documents used in issuing those numbers and with the integrity of the registry. We recommended that the federal government explore ways of collaborating with the provinces in the vital statistics records, so when someone died, for example, the federal government would be advised of that and the social insurance number could be cancelled, so there'd be better use of other information that's already available.

Mr. Tony Martin: Thank you.

The Chair: Thank you, Mr. Martin.

The last questioner in this round is Mr. Lake, for five minutes, please.

Mr. Mike Lake (Edmonton—Mill Woods—Beaumont, CPC): Thank you, Mr. Chair.

It's good to see you again, Ms. Fraser.

One of the things I want to start with here is something we've talked about in the public accounts committee a few times already. In different departments, it seems as if we have a real problem with information systems management. In a lot of things we deal with in the public accounts committee, that seems to be part of the problem.

Can you speak to how adequate the reliability and security of the systems, in this case, are?

Ms. Sheila Fraser: The major system here would be the registry per se. It is obviously a registry that has been built up over many years. During that process, the level of documentation and the rigour applied to the issuance of the social insurance number has changed dramatically over the last 30 or 40 years. So the point we were trying to make is that the integrity of that register has to be strengthened. There was a discrepancy between the numbers in the registry and the population. There can be very valid reasons for that, but the department should be able to explain what those are. The number did seem high at the time, at five million.

There were also issues with social insurance numbers that had been issued pre-1976, when there wasn't a lot of documentation required for their issuance. I remember, too, there was a question with the temporary social insurance number, because sometimes people could come in for temporary work permits and get temporary social insurance numbers—the 900-series—but there was no expiry date.

There was even a question with some numbers that, I think, they said were cancelled or were not to be used, but which could still be used in the system. The system hadn't deactivated them totally.

● (0930)

Mr. Mike Lake: So there are some system or hardware-type issues, as well as some—

Ms. Sheila Fraser: There were some issues there, and issues of ensuring that the numbers that were actually in there were valid and appropriate numbers.

Mr. Mike Lake: How important is the social insurance number in terms of the growing identity theft problem we have in this country?

Ms. Sheila Fraser: It's hard for me to give that kind of answer. The department may be able to respond to that better.

Certainly the social insurance number is used by a lot of different organizations, and not only the federal government. Obviously private industry will use it as an identifier for T4s, and all the rest of that, but it could be used as a basis for obtaining other cards and other information. So if you can appropriate a social insurance number, it can perhaps become easier to steal someone's identity.

So that was one of the concerns we were raising: has the number not become more than simply a file identifier? If so, then the procedures around the issuance of the number have to be strengthened accordingly. As we've mentioned before, in 2002 the government reaffirmed its policy that it was simply a file identifier.

Mr. Mike Lake: Right. I think sometimes employers may give it a little bit more credibility than that.

There are 2.4 million more social insurance numbers than Canadians. I know they cleaned up the 2.6 million that were dormant, but do you have any idea on the progress towards fixing the former? Has that number come down since?

Ms. Sheila Fraser: We don't know, but I believe the department will be addressing that in their presentation.

Mr. Mike Lake: Is there any reason for someone to have more than one social insurance number?

Ms. Sheila Fraser: I think when it first started off, quite frankly, I had colleagues in the office tell me about having a summer job and getting a social insurance number, and then the next year they'd get another one, and there wasn't a lot of control over that. So it is possible that people, in the initial stages, would have received more than one.

Mr. Mike Lake: They shouldn't have, though?

Ms. Sheila Fraser: They shouldn't.

Mr. Mike Lake: So there's no reason that someone should have more than one?

Ms. Sheila Fraser: Not to my knowledge, no.

Mr. Mike Lake: Do you have any idea how many adults don't have one? You said there were 2.4 million more social insurance numbers than the population of adults 20 and over, but do you have any idea of how many adults don't have a social insurance number?

Ms. Sheila Fraser: I don't know. I would suspect the number would be fairly low, but I don't know. The department might be able to tell you that.

Mr. Mike Lake: Thank you very much, and hopefully we don't have to revisit this in the public accounts committee next year.

Ms. Sheila Fraser: Well, I would hope that our report, too, will show positive progress in addressing the issues raised previously.

The Chair: I would like to thank the Auditor General and her team for coming in.

And to the Audit Board of Indonesia, and I wish you a good three days here.

For the committee's sake, I'm going to ask for a break of a couple of minutes as we change our witnesses. We'll get right back at this in a couple of minutes.

So thank you once again for being here.

- (0930) _____ (Pause) _____
- (0935)

The Chair: Just before we hear opening statements from our witnesses, Mr. Martin has asked that we take care of a little housekeeping. I apologize for this.

We've a press release that needs to be sent out, and we need approval for what we want to send out.

Let's deal with first things first. If you look at your package, right after the agenda you have the subject of consultations on employability in Canada. There shouldn't be too much discussion around this, as I know we've been talking about it. I'm just going to pose the question, and if we're all in favour we'll send out that release.

[Translation]

Mr. Yves Lessard: Mr. Chairman, since we received this when Ms. Fraser was here, could we have 30 seconds to read it?

[English]

The Chair: This is the information we're going to send out on our employability study in the fall. We need to get the approval of the committee on the wording and the way it reads so we can send it out, let everyone know what we're doing, and get some witnesses.

- (0940)

[Translation]

Mr. Yves Lessard: Could we have a few minutes, Mr. Chairman, to familiarize ourselves with the contents?

[English]

The Chair: Mr. Lessard, have you had a chance to look at it?

[Translation]

Mr. Yves Lessard: Yes, Mr. Chairman.

I realize that at times, this is not possible, but could you send us the document the day before the scheduled meeting so that we have time to read it and thus, not delay the committee proceedings? This request is in line with the motion tabled and passed on June 1.

[English]

The Chair: Yes, and in all fairness to Mr. Martin, we would have had more time to discuss this afterwards but he had to head out. We appreciate your being flexible in this regard. We will attempt to get those documents out sooner rather than later in the future.

I propose that if we receive the approval of the House to travel, we then be allowed to send this out to the witnesses and publish it on the website. That is the intent of what we've been talking about here on our employability study.

All in favour?

Bonnie, are you in favour?

Ms. Bonnie Brown (Oakville, Lib.): Will you give me anonymity? I think you have enough votes.

(Motion agreed to)

The Chair: Thank you to the witnesses for letting us take care of that housekeeping item.

I want to welcome representatives from the Department of Human Resources and Social Development. I believe you have an opening statement for us. We'll get you started.

Thank you very much for being here, Mr. Nixon.

Mr. Charles Nixon (Assistant Deputy Minister, Policy, Partnerships and Corporate Affairs - Service Canada, Department of Human Resources and Social Development): Thank you very much, Mr. Chairman.

First I'd like to introduce my colleagues at the table. Hy Braiter is senior ADM, service delivery, responsible for integrity for the last year. Onno Kremers is director general of integrity.

We appreciate this opportunity to speak to you today about the integrity of the social insurance number. We believe the committee's invitation is timely, given the progress we have made on the recommendations of the Auditor General's 2002 report, and the 2003 report of this committee, on the management of the social insurance number program.

Overall, our objective is to establish a world-class system to manage the social insurance number. Such a system must have accountability built in throughout the process, be rigorous, contain accurate information, and ensure that Canadians can easily and securely get access to their benefits.

- (0945)

[Translation]

Responsibility for the management of the SIN is now with Service Canada, which is committed to improving the delivery of programs and services to Canadians. Service Canada is working with a growing number of federal departments, provinces and territories to move the one-stop service approach forward. Progress we have made with SIN is at the forefront of this approach. At the same time, we are committed to maintaining the integrity and confidentiality of Canadians' information.

[English]

We are accountable to our clients and to all Canadian taxpayers for our results. In fact, being accountable and reporting to Canadians annually on our performance is enshrined in our Service Canada charter. We believe that the progress we have made since 2003 is very significant in enhancing the integrity of the SIN process and the register itself.

To ensure accountability and transparency, we have initiated a review by an independent audit firm of the integrity of the SIN and the social insurance register. As well, this review will validate that both the SIN and the SIR are well positioned to fulfill their role as a foundation for the integrity of Service Canada's programs and services. We expect the results during the course of this summer and would welcome the opportunity to share these with the committee. We are working closely with the Auditor General on this review as part of their audit of the program.

Similarly, we recognize that we need to regularly report on our progress. This is what we have done through our annual reporting to Parliament using regular departmental reports on plans and priorities, and performance reports. In addition, we submitted a progress report to this committee in 2003, and annual updates to the Auditor General in 2003, 2004, and 2005.

We take the management of the SIN seriously and have made significant progress to ensure rigour in the entire SIN process: rigour in issuing a social insurance number to the right individual, rigour in monitoring the use of that number, and rigour in ensuring the highest level of integrity in the social insurance register.

We issue more than one million social insurance numbers a year. In keeping with Service Canada's commitments, we have re-engineered the entire process for issuing a social insurance number from end to end, introducing rigorous controls while improving the service to the client. We call the new service SIN Rapid Access.

Our improved SIN application service requires that all our front-line staff have training and certification in identity management. The process requires a face-to-face rigorous review of the applicant's identity and documentation before staff can take an application. Our new SIN Rapid Access process also supports staff with tools they need to make decisions and referrals on high-risk clients to our investigators. Furthermore, automation of the process reduces errors in data capture.

Clients can now apply and receive a SIN in person in one visit, versus a wait of three to six weeks. This makes a big difference to people entering the workforce or receiving other benefits. The service is currently operating in 193 of Service Canada's centres in every region of the country and will be fully operational in all Service Canada centres this fall.

We have also tightened our proof of identity processes that provide assurance that we have the right client. We now accept only original birth certificates and original immigration documents. Gone are the multiple documents we used to accept, such as baptismal certificates.

[*Translation*]

Underpinning the new SIN issuance process is a robust SIN/SIR quality assurance system which consists of rigorous controls that guide each step of issuing new SINs. This is yet another move to ensure our processes are robust so we know the information in the SIR is accurate.

[*English*]

More significantly, we are encouraging more rigorous and consistent use of the SIN through a SIN code of practice. It will provide guidance to all SIN users to safeguard the security and privacy of the SIN, and it will provide practical guidance and tools to assist in doing this. The code is designed for all SIN users: individuals, employers, the private sector, SIN partners, and Service Canada employees. We are currently undertaking a broad engagement strategy on the code with various consumer, employer, private sector, and government stakeholder groups. Following this, we hope to officially launch the code this fall.

As part of this process, we would welcome the committee's views. If you'd like, we can table a copy of the draft code with you.

Mr. Chairman, having accurate information in the social insurance registry is a critical requirement to Service Canada's objective to bring this important register up to world-class levels. To this end, we have reduced the variance between the number of living SIN holders and the size of the Canadian population to about 700,000 today. We have certified the accuracy of millions of SIR records by flagging them as deceased, dormant, or unusable; for instance, by eliminating those 900-series SINs that have expired. The 900-series belongs to people who are neither Canadian citizens nor permanent residents; for example, temporary workers or foreign students.

There are legitimate reasons why the number of SINs issued exceeds the total Canadian population. For example, there are Canadians who are living, studying, or working abroad, or foreign workers who have legitimate SINs but are no longer residing in Canada and are still eligible for CPP benefits. Also, there are Canadian pensioners who have decided to live abroad.

Our automated linkages with other government departments, such as Citizenship and Immigration Canada and the Canada Revenue Agency, and with provinces and territories for historical and ongoing, timely birth/death data will continue to enhance the accuracy of the SIR.

As recommended by this committee and the Auditor General, we have successfully negotiated agreements with New Brunswick, Ontario, and British Columbia so that we can validate documents automatically and electronically at their source. This means that when we receive an application for a SIN, we can automatically validate with the issuing province that this is a legitimate birth certificate, thus increasing the accuracy of the SIR.

These agreements currently cover approximately 54% of Canada's population. We are actively pursuing agreements with the remaining provinces and territories and hope to have most of these in place over the course of the next year. As you know, we already have secure links with Citizenship and Immigration so we can accurately identify 100% of permanent and temporary residents.

● (0950)

[*Translation*]

Finally, we are currently undertaking a benchmarking exercise to define levels of accuracy and completeness and set key performance indicators for the SIR using best practices from around the world, including those of the U.S. Social Security Administration. The results of this exercise will assist us in further improving the accuracy of the SIR.

[English]

In closing, the progress we have made in improving the integrity of the SIN program enables the service transformation that is at the heart of Service Canada: enhancing the accessibility of services to Canadians. We envisage issuing SINs to Canadians when they need them so that they can receive the easy-to-access services they are entitled to—when a newborn arrives in the family, when a newcomer arrives in the country, and when a young person needs one for work. At the same time, when someone dies, we will automatically deactivate the SIN and proactively provide survivors' benefits.

Just to give one example of how this is unfolding, through our links with vital events agencies, we are piloting an initiative in eight hospitals in Ontario that will offer a SIN at the same time as a birth is registered. Today, a parent cannot get a SIN, or a passport for that matter, without a birth certificate. Without a SIN, a parent cannot apply for a Canada learning bond or an educational savings grant. The SIN at birth offers parents the opportunity to combine three separate processes—birth registration, birth certificate application, and application for a SIN—all in one electronic process. We expect to roll out this service in all hospitals in Ontario early this fall, and in British Columbia too. In short, this is a fundamental shift in the way service is provided to Canadians, while enhancing the integrity of the process.

Thank you. We will be happy to address your questions or comments on what we've been doing to protect the integrity of the SIN and to provide better service to Canadians.

The Chair: Thank you, Mr. Nixon.

We're going to get into our second round now.

Starting us off will be Mr. D'Amours, for five minutes.

[Translation]

Mr. Jean-Claude D'Amours (Madawaska—Restigouche, Lib.): Thank you, Mr. Chairman.

Thank you to the three witnesses for joining us. I'm sure you are backed by a team of employees.

My question pertains to the SIN registration system for newborns. I believe registration can be done on line, that is over the Internet. Is that in fact the case?

• (0955)

[English]

Mr. Charles Nixon: No. It's possible to do it over the Internet. What we discovered in looking at the forms for birth registration, birth certificate, and SIN is they all ask essentially the same questions. We decided to work with our colleagues in Ontario to put together a system whereby we could coordinate this to improve the experience, so a citizen did not have to run around to two levels of government and get three sets of forms for the necessary documentation. This can be done over the Internet.

[Translation]

Mr. Jean-Claude D'Amours: These are precisely the types of transactions that can be done on line.

What types of safeguards are in place when someone applies on line? For example, when a parent applies for a SIN number for a

newborn child, what measures are in place to ensure that the correct information is supplied to you?

When face-to-face meetings are eliminated, clearly incorrect documents may at times be provided. We hope that's not the case, but in reality, it does happen occasionally.

Therefore, before you issue a card and a SIN to the parents, what guarantees do you have that these documents are in effect being issued to a newborn in Canada?

[English]

Mr. Charles Nixon: We have the same processes now. We need the parents to sign off for a child. As well, in the case of a birth, you have the signature of the doctor. Those attest to the birth and provide the comfort and security we need to issue a number to that baby.

[Translation]

Mr. Jean-Claude D'Amours: However, when an application is submitted on line, there's no signature. I understand your reasoning, but when a document must be signed in person at a Human Resources or Service Canada office, the signature is witnessed and identification may be requested. Moreover, when an application is made on line, what assurances do we have today and how will we know in future that the SIN will in fact be issued to a Canadian newborn?

Obviously, a newborn doesn't have access to a great many things. However, our goal is to be proactive. We're not merely concerned about the present, but also about the future. Fifteen or sixteen years down the road, because an application was submitted in his name, a person could conceivably use a SIN that should not have been issued to him.

Therefore, what safeguards are in place at this time, and what measures will be taken in future to ensure that on-line applications are a secure process for Canadians?

[English]

Mr. Charles Nixon: It's a two-step process. As it stands today, you need the documentation from a province to get a birth certificate to get a social insurance number and that's embedded in what I've described as a two-step process as well. Once a birth has been registered, which does require parents and doctors, that is then signalled to us via a secure channel. On the basis of that comfort from the province, we will issue a social insurance number to that infant.

[Translation]

Mr. Jean-Claude D'Amours: I realize I'm running short on time, Mr. Chairman.

I understand that a parent cannot apply on line, either today or in the future, unless some important information from the province has been supplied. Therefore, even if parents were to apply for a SIN, if you haven't received this information, there's no possible way for a SIN to be issued. You're saying then that there are safeguards in place for Canadians.

Mr. Charles Nixon: That's correct.

Mr. Jean-Claude D'Amours: Thank you.

[English]

The Chair: Thank you, Mr. D'Amours.

We're going to move on to the next questioner, Ms. Bonsant, for five minutes.

[Translation]

Ms. France Bonsant (Compton—Stanstead, BQ): Good morning.

I'd like to begin by sharing a complaint with you. A constituent informed me that his SIN card was mailed to him in an unsealed envelope. I find that rather odd. If you do use envelopes, you should check to be sure that they are properly sealed.

You mentioned that Service Canada works quickly to issue SIN card. I hope you're not just acting quickly for statistical purposes, so that Service Canada can claim to be doing its job well, because the potential for errors exists. I think this is a very important point.

When they were born, I applied for SIN numbers for my daughters. I didn't have any problems. However, waiting one, two or three months doesn't make much of a difference to a three-month-old baby. He's not about to use the SIN to get a job at McDonald's. Therefore, I think you need to proceed very carefully when you issue a SIN to a newborn.

• (1000)

Mr. Yves Lessard: Mr. Blackburn would be happy to hear that.

Ms. France Bonsant: I know he went to work at the age of 12, but there's a difference between 12 years and 12 weeks.

[English]

Mr. Charles Nixon: Okay, we'll take your advice on the glue on the envelopes.

Also, what's happening now is that there are programs available for babies if people want to start an education savings grant or a learning bond for their baby at birth. That's why it has become much more interesting for parents, or grandparents—or whoever—to have a social insurance number, because you need one of those in order to benefit from those programs. That's why it has become necessary—not just for the first job, but also early on in life when you can start investing for the post-secondary education of a child.

[Translation]

Ms. France Bonsant: In this computer age, how can the government not realize that the same SIN is being used by more than one individual? Isn't there some kind of warning issued somewhere that this number is associated with four different names? Does the left hand even know what the right hand is doing?

[English]

Mr. Charles Nixon: We have done a review of the register to look at whether there are, first of all, anything like duplicate numbers, so that's part of our work on the integrity of the social insurance registry. As well, we look at names that are similar to ensure that people don't have more than one. We've done that work, as well, and found that there were very few duplicates, people holding two numbers.

This is part of the work we constantly do to try to ensure the integrity of the registry.

[Translation]

Ms. France Bonsant: I'm not talking about one person having two SINs, but about four different people have the same SIN. I'm concerned about identity theft. These days, anything can easily be replicated. We're seeing more and more cases where people living in one province receive a bill for \$150,000 from a jewellery store located in a different province.

Can you explain to me why Service Canada officials can't seem to realize the same SIN is associated with three or four individuals?

[English]

Mr. Hy Braiter (Senior Assistant Deputy Minister, Service Delivery - Service Canada, Department of Human Resources and Social Development): If I may, there are other aspects. The social insurance number is used for obtaining various benefits. In all of the benefit programs that Service Canada administers—and likely all other provincial departments—it would quickly come to the fore if tax was being deducted for an individual many times simultaneously. The CRA would pick that up and inform us immediately, and our investigation would commence.

Canada Pension Plan premiums are deducted and recorded by us, remitted to us, based on a social insurance number, so if there were four people working on the same social insurance number, we would be getting a lot of premiums, and immediately the flags would go up in the computer systems of the Canada Pension Plan, similarly with the Quebec Pension Plan, and so on.

We do match our benefit files with the CRA files, and we match with employment insurance files and the premiums there. If there were multiple people working on the same social insurance number, we would immediately notice an anomaly coming up. In these matches, we send the observations to our investigators across the country—and we have 1,800 investigators. They would start an investigation based on that.

It would be very difficult for multiple people to work on the same SIN with all of this information coming in to the various programs for which they're credited, or even for people to work on false SINs and multiple addresses. So it's not just the social insurance number integrity, it's the flagging of these anomalies when they claim benefits; and then the cleaning up of the situation, investigating the situation, is important.

• (1005)

The Chair: Thank you, Ms. Bonsant.

We're going to move on to Mr. Martin, Five minutes, sir.

Mr. Tony Martin: Thank you very much.

My concern this morning is the question both of identity theft and also the possible sharing of information through these systems and the relationship you have with the private sector in turning over numbers. What kind of information is shared, what kind of information is gleaned, who holds that information, and what access do people get to that information? It seems that when somebody hacks into a system and steals somebody's identity, not only do they make that person's life hell on wheels in terms of the activity that happens then on credit cards and all kinds of things, but also there's possible access to further information as well.

Could you talk to me for a few minutes about the relationship you have with other organizations, the private sector, for example, because that number is shared with employers—and how you protect the integrity of the system, that sharing of information. Who holds that information, and what are the rules around that?

Mr. Charles Nixon: Thank you.

That's a topical question. The issue of identity theft is of great interest to us too. That's a good reason why, among others, we are in the process of developing this code of practice on the social insurance number. We think it's important. It was flagged earlier; the population needs to understand the use of a SIN, how it should be protected, etc. So this code of practice has been created to provide that kind of information. I think it's timely to remind everybody again, and we will be consulting with groups this summer and be issuing that in the fall.

Also, the Personal Information Protection and Electronic Documents Act, PIPEDA, was passed in 2000. It enhances the protection of personal information in the private sector. Firms pay employees and collect social insurance numbers from their employees to prepare their payroll, which includes deduction of tax and collection of premiums for employment insurance or the Canada Pension Plan. They remit those to CRA on our behalf using the social insurance number, and we account for those on the basis of that number. We do not exchange information the other way. The private sector collects information for us for the prescribed uses of programs and taxes, and we use that money to clear the accounts of taxes and to assess benefits for those programs.

Mr. Tony Martin: My question is around the use of the SIN. You talk about working with Service Canada to provide an array of services and to somehow funnel everything into one place. Every now and again, the idea of a super card of some sort that would be used for everything, including your health care, is put out there. Is it fair for me to suggest that the road we seem to be going down now with Service Canada and the use of the SIN and the consolidation of that process might lead us to a place where we find ourselves logically considering some kind of super card that everybody would have, that might replace the passport, for example? We talk right now about trying to find a card that would, if the Americans decide they're going to demand passports to get into their country... They're talking about the possibility of another card instead of a passport; those are some of the alternatives. In your thinking, in your circles, is there any talk about that going on at the moment?

•(1010)

Mr. Charles Nixon: I can come at it two ways. First, the social insurance number remains a file indicator, from our perspective. We have authorized programs that use it. In Service Canada, we have

taken on new services that haven't involved the social insurance number because they're not entitled to use it. As of April, we have been the delivery agent for pleasure craft licences. That doesn't involve a social insurance number. So on the one hand, it's not necessary to have everything use one number.

But you're right in looking down the road and asking whether, if we want to work in a more integrated way with Canadians in terms of providing better service, we in fact have the right approach. We are talking to the Privacy Commissioner and the Treasury Board, which is the keeper of SIN policy, about that. But certainly, we loyally implement whatever the government of the day decides to do and asks for.

The Chair: Thank you, Mr. Martin.

Mr. Brown, you have five minutes, please.

Mr. Patrick Brown (Barrie, CPC): Thank you, Mr. Chair.

The first question I have in reference to the presentation is about proof of identity, which you mentioned, in terms of utilizing original documents. Certainly, I can appreciate it in terms of how it enhances security. I'm curious about what the reaction to that has been, and also if there have been any cases where there have been inhibitions on access because of it. Are there any segments within our population that are having difficulty with that new policy?

Mr. Charles Nixon: I think everybody understood, in the end, that this was the way to go. Naturally it presented a change for some people, certainly when we put an expiry date on the 900 SINs, which are the social insurance numbers that are used for temporary workers in Canada. So each year they have to re-get them, if you like, whereas before they were kept open, which was not considered the way to go at it with integrity. So we changed that, and that helped us reduce our gap, if you like, which the Auditor General just spoke about.

I don't think there has been a big outpouring against this. I think people understand that it's what you need to have to truly prove who you are. The documents we use have come out of a conversation we had with other departments in the federal government and provinces to ensure that we are using, truly, the most robust documents to establish something as important as a social insurance number.

I think we have found that there are tiny populations that perhaps are a bit inconvenienced by this because of where they might have been born. For instance, we've had to make sure there's an extra step, if you like, for Canadian children who were born abroad. So there's an extra step in doing that. We find these things out along the way. But basically the system is working well.

Mr. Patrick Brown: In terms of senior citizens, is there any noticeable challenge there with original documents?

Mr. Charles Nixon: First and foremost, perhaps I can share with you that over 90% of our social insurance numbers are issued to people under 16. So it would be pretty shocking for somebody to get that far into senior-land and not have a SIN. It's possible, though. I can't think of an instance. Maybe others can.

Mr. Patrick Brown: In terms of the pilot projects, I heard you mention that there are eight hospitals doing a pilot project. Where are those pilot projects going on?

Mr. Charles Nixon: They're in Ontario. We can get that information for you. I don't have it off the top of my head.

Mr. Patrick Brown: Is there any evidence yet on how that's going?

Mr. Charles Nixon: It's going extremely well. Ninety-five percent of people have signed up for a social insurance number through this process, and they're very satisfied with the reduction in paperwork they've had to go through to get a social insurance number for their infants.

• (1015)

Mr. Patrick Brown: If there's any information you could pass on to the committee on that progress and where the pilot projects are, I'm sure they'd be interested in seeing that.

Mr. Charles Nixon: Sure. Yes, we'll be happy to do that. They're 98% satisfied, so that's pretty good.

Mr. Patrick Brown: That's very good.

In terms of the vital events agreements, you mentioned that there are agreements right now in New Brunswick, Ontario, and B.C. Are we expecting agreements to be reached in other provinces?

Mr. Charles Nixon: Yes, we've been in discussions with all provinces for some time. I think it's safe to say that we want an electronic exchange of information, but not all vital statistics agencies in provinces are fully ready to work in that capacity; some of them are still keeping books, if you like. We expect, as I mentioned in my opening remarks, to have substantial progress over the next year.

I was just at a meeting of federal-provincial deputies of service earlier this week, and this area was of importance to everybody. It not only benefits us, but it also benefits them. When you think of the outlays that provinces and territories have for health care and social assistance and things like that, the integrity of those systems is extremely important to them, just as the integrity of programs such as employment insurance, the Canada Pension Plan, and old age security is for us.

Mr. Patrick Brown: Would it be overly optimistic to expect the other seven provinces to come on board in the next year or two?

Mr. Charles Nixon: That's what we hope.

Mr. Patrick Brown: Thanks, Mr. Chairman.

The Chair: Our next round is back to the Liberals; I believe at this point they're okay.

But first we're going to move over to Mr. Dykstra, for five minutes.

Mr. Rick Dykstra (St. Catharines, CPC): Thank you, Mr. Chair.

I won't take my full time, but I did want to ask a question in regard to the Auditor General being here this morning. Obviously her office is coming back to do a review of the audit. I wanted to get your response to this. Do you feel prepared or do you feel the review will go well, based on the recommendations that were made a number of years ago?

Mr. Charles Nixon: We would like to think so. I don't want to be boastful, because there are always things that can be found that are not up to scratch. But we think we have made substantial progress over the intervening years, and we are in the midst of taking further steps beyond even what were recommended in the reports of this committee and the Auditor General back in 2002 and 2003. These will improve the process and the integrity of the social insurance register, ensuring that we have a process that we can rely on.

Mr. Rick Dykstra: The 900 series seems to be the highlighted issue, or the issue that came back in a number of the points here. In your remarks you said it was something that you've taken care of. Are you pretty confident that the issue has been dealt with?

Mr. Charles Nixon: Yes, absolutely. We introduced regulations on April 1, 2004, that instituted a system of end dates or expiry dates for the 900 series, so any temporary worker coming into Canada would only be there...and it's tied to their immigration paperwork. So those social insurance numbers will cease to exist or will be eliminated from the social insurance register, and therefore cannot be used, and if anybody tries to use them, they will be flagged in our system.

Mr. Rick Dykstra: One of the things you mentioned is that a few years ago it became illegal for any private organization or business to use the SIN for any purpose. I guess that's right in the act itself.

Do you know approximately how many businesses or organizations are using the SIN for purposes of identification?

Mr. Charles Nixon: I would have to say probably all of them with employees, because they use it for their payroll, as they need to make deductions at the source, by law, for taxes and the Canada Pension Plan and employment insurance. On that basis, they have to have that number. They're actually supposed to ask for it on hiring somebody, to make sure that person actually has a social insurance number. Those are the kinds of things we will have in our code, so that proper steps are taken by employers in the private sector in the use of the social insurance number.

• (1020)

Mr. Rick Dykstra: And have the proper steps been taken in terms of making sure there's integrity within the system in that regard?

Mr. Charles Nixon: Yes.

Mr. Rick Dykstra: Okay, thank you.

The Chair: If that's it, then we'll move on to Mr. Lessard, for five minutes.

[Translation]

Mr. Yves Lessard: Thank you, Mr. Chairman.

I wish to point out that perhaps we can use the last round of questioning to recover the seven minutes we didn't get at the start. While you think about this, I'll use the five minutes allotted to me. You can let us know what you decide later.

If I go by your statement on page 7, I'd have to say there are no problems and no need to be concerned any more. In fact, you state the following:

And as you know, we already have secure links with Citizenship and Immigration Canada so we can accurately identify 100% of permanent and temporary residents.

If that's true, then there's no need for us to be concerned any more. However, this morning the AG told us that while some progress has been made, there are still 700,00 people who have a SIN, but whose entitlement to one has not been verified.

Getting back to the uses made of the SIN, you correctly stated that responsibility for the management of the SIN is now with Human Resources and Social Development. However, unless I'm mistaken, the policy governing the use of the SIN is still set by Treasury Board. So then, the department manages the SIN, while TB issues policy directives respecting the use of this identifier.

There continues to be a link between the use of the SIN and income programs. Therefore, the Department of Revenue is involved in this. For instance, each time a person takes out a loan or wants to deduct money from his taxes, the level of income always comes into play. Often, we're a long way off from the SIN's original intended use. Even video stores sometimes asks customers for their SIN. This only proves that there really are no safeguards in place.

Now that you have responsibility for the management of the SIN, have you talked to Treasury Board about bringing in safeguards and ensuring that the SIN is not used for other purposes? That's my first question for you.

Secondly, still with a view to making the system more secure, this committee, acting on an observation by the AG, issued 14 recommendations in 2002. In early 2003, the government announced that it planned to implement these recommendations, take appropriate action and report back to the AG and to the committee on progress made in implementing these measures.

Were these reports in fact produced? How often? Did the government report back to the committee on the progress made in implementing the measures you mentioned?

I'd appreciate an answer to these two questions. If I have any time remaining, or two additional minutes, I'll get back to you with another question.

[English]

Mr. Charles Nixon: I got five. I'll try to answer them quickly so as to give you your time.

In regard to your comment with regard to Citizenship and Immigration, what we have from them is the temporary or permanent resident information check. What we are still waiting to establish with them is the electronic hookup for citizenship, so this is something that we are eagerly anticipating.

You're correct, it is Treasury Board that sets policy for the social insurance number around use federally. Certainly we have the issue

of Blockbuster or whoever else, or the pizza, or somebody who thinks that the social insurance number is important for their business. That is something we hope to address through the code—to re-establish again in the public's mind what are the appropriate uses for the social insurance number.

Around the reporting, we certainly reported against the 2003 report to the committee. We indicated at this time that we would follow up through our annual reporting through our reports on plans and priorities and the departmental performance report. In each of the subsequent years there has been information in both of those reports about what our goals were for the year and the progress made around the social insurance number. As the Auditor General indicated, we have reported to her on the progress of her audit in 2003, 2004, and 2005. We probably won't this year because of the audit that she's undertaking now. So we will then start the process all over again or something.

• (1025)

The Chair: That's your five minutes, but I'll let you have one more question, Mr. Lessard.

[Translation]

Mr. Yves Lessard: You were allocated \$10 million in 2002 and 2003 to implement corrective measures.

Have you sought additional funding since then to implement these measures? Has this affected your ability to take corrective action?

Getting back to the two questions I asked earlier, have you made any suggestions to Treasury Board about possible safeguards? Apparently, the SIN is being used incorrectly, but I see that there are no safeguards in place to prevent that from happening.

Is this the first time since 2003 that you're reporting on the progress made in implementing the measures agreed to that year?

[English]

Mr. Charles Nixon: In terms of the funding, we decided as a department that the work that needed to be done on improving the social insurance number and the integrity of the social insurance registry was of such importance that we would reassess the money we spent and we would put more money in our budget against that.

Since 2002, we have increased our administrative spending by \$7 million. In addition, we have devoted \$9 million to special projects, such as integrity of the SIR—studies and so forth—to make sure this was working appropriately and to smooth the way for provincial agreements. All in all, in the last four years we have spent over \$16 million of internal reallocation in order to make progress on this file.

In terms of the Treasury Board, we haven't discussed a lock mechanism, as you say, with them in particular. We have not gone that route. Our route has been more to try to reach out to Canadians through communications tools—and the code is certainly part of that—in order to try to reinvigorate the appropriate use of the social insurance number.

Certainly, when it comes to our attention that improper uses have been made, we do communicate with those groups involved to remind them of what the appropriate use is.

The Chair: Thank you very much.

Mr. Lake had a couple of questions.

Mr. Mike Lake: Thank you for coming in today.

I noticed in your statement that you used the word “rigorous” about 10 to 15 times.

• (1030)

Mr. Charles Nixon: Yes, on purpose.

Mr. Mike Lake: It does sound as though you are making progress. I'm glad to see that. I'm also on the public accounts committee, and it's not fun to be there if you haven't made progress on the recommendations that the Auditor General has made.

I'm wondering if you could identify what kind of fraud issues are most common with the social insurance numbers.

Mr. Charles Nixon: They start from the outside, with people trying to get benefits to which they're not entitled. If you're asking generally about programs, people try to get entitlement to programs to which they are perhaps not entitled. It's not necessarily an issue around the social insurance number, but it is one around that.

Mr. Mike Lake: How would they use the social insurance number to do that, though?

Mr. Charles Nixon: As a legitimate person, for instance, they might try to claim employment insurance benefits to which they are not entitled. They may have—

Mr. Mike Lake: Using their own social insurance number, or using someone else's?

Mr. Charles Nixon: Yes, they could try to do that, but they may be in collusion with an employer around a record of employment or that kind of thing.

Mr. Mike Lake: Okay. What would be the purpose of someone getting a fake social insurance number, for example?

Mr. Charles Nixon: I think it is one of the steps of building an identity. So representing themselves as having a social insurance number, in some other people's eyes, may give them credibility in terms of getting some other piece of identification or card or something like that, which again will enhance their fictitious building of an identity.

Mr. Mike Lake: Thus the steps to work at the other end, with the code you're talking about.

Mr. Charles Nixon: Yes.

Mr. Mike Lake: So you're taking away the credibility of that number, in a sense—the overused credibility.

Mr. Charles Nixon: That's right. Exactly. It is not an identity card.

Mr. Mike Lake: I have a question to do with training. I notice on page 2 of the brief the committee received, the Auditor General talks about the fact that there's still no formal training for social insurance number investigators. What are you doing to address that?

Mr. Charles Nixon: She's out of date, and that's fair enough because she hasn't come looking. But we went through a whole set of training some years ago to bring up the calibre of people at the front end who take social insurance numbers. We have just instituted a whole new system of much more rigorous training for all of our

front-line staff—all 1,500 of them—where they take a week's worth of training and they're actually certified at the end of it. They must pass a very high bar in order to continue to do that work, or they're reassigned to other work.

Mr. Mike Lake: When the Auditor General uses the word “investigators” here, is she talking about a different role from the front-line staff? She's talking about people who are actually looking into fraud, right?

Mr. Charles Nixon: Yes.

Mr. Mike Lake: And she says there's no formal training program even for them.

Mr. Charles Nixon: That's not true. There is formal training for investigators.

Mr. Mike Lake: So, it's just the way this is.... And there was back then, too?

Mr. Charles Nixon: Yes. Let's just say everything gets better with time. We need to keep up with the development of the games that are played out there and make sure our staff are fully apprised of the approaches to fraud that people might take, be wary of and awake to them, so that they can help investigate and prevent fraud in the future.

Mr. Mike Lake: I have one last question.

One of the things that have been a common theme in our public accounts meeting—and you probably heard me say this to the Auditor General—is that the information system, the technology the departments are using, seems to be out of date or not up to where it should be in terms of standards. Your systems throughout the registry have obviously been around for a while. What upgrades have been done recently in the system to make sure it's capable of doing what it needs to do?

Mr. Hy Braiter: Well, the first thing we did, of course, was clean up the data. We've linked with the provinces, as you've heard, and we're getting death information and historical information. For example, from Ontario we got at least five years' worth of historical data.

As we make agreements with each province, we're going to go back and match computer-wise to the database to flag any deaths we didn't know about. We've gone through the system and matched it against all other systems that use the SIN number. If we see that there's been no activity in five years, for example, if there's been no tax deducted, no premiums of any kind paid, no benefits claimed by that person, if that person just hasn't shown up in five years on any of these valid usages, we mark the SIN as dormant. Should that person ever show up for benefits, he or she would be called in and interrogated to make sure they proved their identity.

We're linking with Citizenship, as you've heard, to make sure our files are clean. We're matching the information on birthdays and so on from CRA files, so as you file your income tax we'll see if it's compatible with our registry.

We have brought the incidence down from five million to 700,000.

We've just hired an independent firm to go through and look at the quality of the data again and set standards of quality for different kinds of errors. Some errors are more important than others. Some errors are identity issues. Other errors may be a flip of the birth date—day, month, year; month, day, year.

As you've heard, up until 1976 you didn't have to prove anything to get a social insurance number. That's the history of it. It was just an account number. Decisions were taken back then—and the decisions are still valid—not to call these people in, not to bother these more senior people to start proving their identity all over again. But we look at it when they come to apply for benefits. We validate them again when they come for CPP; we still ask for documentation.

So we've cleaned up that methodology.

The really important thing we've done is implement a brand new state-of-the-art system that allows people to get a SIN number in 15 minutes. It puts them in front of an individual who's well trained on identity and documents. We link our files with all the provincial files so that when a person comes in with a birth certificate from Ontario, we not only know that this is how it should look—we put it under the scope of special equipment to make sure it's a valid document—but we also link in technologically with the province to see if it actually matches what the province has for this individual. And should it not match, we don't just say, you can't get a SIN; we go back to the province and we start an investigation. So we're helping the province to clean up as well.

I think we're pretty good. Our agents at the front desks in all our offices will have online access to that central index file to double check. When you're in front of us, they can double check the information you may have given us 30, 40, or 50 years ago to see if it all still matches the documents you're showing us.

So we're working on it, and it's really coming along. We hope the Auditor General will validate that.

•(1035)

Mr. Mike Lake: As I said at the beginning, I want to thank you, and it does sound like you're making some progress.

The Chair: Do you have one final comment, Mr. Nixon?

Mr. Charles Nixon: I just want to add on to the end of your question. In addition to the state-of-the-art new system that we're implementing this year, we continue to undertake threat assessments of our systems to make sure they are robust from outside interference. It is extremely important to us, given the information that we protect on behalf of Canadians.

The Chair: Thank you.

I'd like to take this time to thank Mr. Nixon and his team for coming in to talk to us today and to hear the update. I'm sure we'll all be watching this next year when the Auditor General comes back to let us know about the progress.

Thank you once again for taking time out of your schedules to come and meet with us today.

Before we close, I want to say that before we met with the witnesses Mr. Martin had talked about passing the travel itinerary. I

do want some clarification. Perhaps you would like to have a look at the dates in terms of where we're at, just before we close.

You have the dates in front of you. Perhaps you would like to turn to the page on the following cities and times.

As you can appreciate, we're in Ottawa from September 18 to October 6, when we return, so that doesn't take a whole lot to understand. We're going to be having the meetings in Ottawa.

In terms of eastern Canada, I have talked to our whip's office. He is obviously working with the opposition whips. He has no issue with our travelling on the 9th to the 12th, which is not a break week. I believe it's the week before the break week. There's not an issue there as long as agreements can be reached with the opposition whips. There would probably be six of us—I would think three from the government, three from the opposition—as we move out to talk to people, as long as there's an agreement that this is not an issue, for travel. The 9th to the 12th is not an issue with our whip's office at this point in time.

I understand there may be some concerns with the break week of November 13 to 15. If it is the will of the committee, once again we will need to go back and talk to our respective whips' offices if we were to travel on a non-break week. Certainly, people are busy enough as it is on their own break weeks. Maybe we should be looking at trying to put that back to a time when it would be acceptable to all parties in terms of the ability to travel out west.

I throw that to the will of the committee in terms of where we're at.

Mr. Brown.

Mr. Patrick Brown: From my perspective, we get inundated with meeting requests and event requests when we're here. We depend on the break week as an opportunity to attend those events and those meetings. I think it would inhibit our role as MPs if we weren't able to utilize that time.

•(1040)

The Chair: I'm seeing by the nodding of heads that we have a consensus there in terms of travel. I guess the thought process is that we probably need to go back to our respective whips. As long as there's a pairing in place there shouldn't be an issue as far as that goes. We will look to move forward on the 9th to the 12th. I would suggest we can perhaps talk to Karen to make sure that's not an issue.

Of course, the 27th in Montreal was a proposed date. That is a Friday. Do we have some concerns with that? Do we want to look at a different date? Obviously there are no votes on Fridays. Is that too busy in terms of people trying to get home for the weekend? October 27 was the proposed date that we would be heading to Montreal. It's very easy, of course, from Montreal to get back to all airports in Ottawa, Toronto, or wherever. If that's not an issue, then we'll leave that.

What we need to discuss or be prepared to come and discuss on Tuesday would be the western swing.

Ms. Bonnie Brown: Try to get it out of the break week.

The Chair: Thank you.

Some hon. members: Agreed.

We'll work with the clerk's office as well as talk to the respective whips and maybe have some suggestions when we come back here on Tuesday. Okay?

The Chair: With that, we'll adjourn the meeting.

Published under the authority of the Speaker of the House of Commons

Publié en conformité de l'autorité du Président de la Chambre des communes

**Also available on the Parliament of Canada Web Site at the following address:
Aussi disponible sur le site Web du Parlement du Canada à l'adresse suivante :
<http://www.parl.gc.ca>**

The Speaker of the House hereby grants permission to reproduce this document, in whole or in part, for use in schools and for other purposes such as private study, research, criticism, review or newspaper summary. Any commercial or other use or reproduction of this publication requires the express prior written authorization of the Speaker of the House of Commons.

Le Président de la Chambre des communes accorde, par la présente, l'autorisation de reproduire la totalité ou une partie de ce document à des fins éducatives et à des fins d'étude privée, de recherche, de critique, de compte rendu ou en vue d'en préparer un résumé de journal. Toute reproduction de ce document à des fins commerciales ou autres nécessite l'obtention au préalable d'une autorisation écrite du Président.