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Chair: The Honourable Wayne Easter





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Tuesday, July 21, 2020

• (1100)

[English]

**The Chair (Hon. Wayne Easter (Malpeque, Lib.)):** We'll officially call the meeting to order.

Welcome, all, to meeting number 42 and the first panel of the House of Commons Standing Committee on Finance today. We are meeting on government spending, the WE Charity and the Canada student service grant. Today's meeting is taking place by video conference, and the proceedings will be made available by the House of Commons website.

We're fortunate to have with us the Clerk of the Privy Council and Secretary to the Cabinet in this first hour, Mr. Shugart.

Welcome, sir. I don't believe you have an opening statement. If you do, that's fine. If you don't, we will go to questions.

I have a heads-up for questions by members. The lineup for the first six-minute round will be Mr. Poilievre, Mr. Fragiskatos, Mr. Fortin and Mr. Julian.

Mr. Shugart, the floor is yours.

**Mr. Ian Shugart (Clerk of the Privy Council and Secretary to the Cabinet, Privy Council Office):** Thank you very much, Chair and members of the committee. I'm glad to be here with you today.

You're correct, Chair. I do not have an opening statement. I'm here to answer your questions to the best of my ability and, Chair, I would suggest we get right at it.

**The Chair:** That sounds good.

Mr. Poilievre, are you ready to roll?

**Hon. Pierre Poilievre (Carleton, CPC):** I am.

**The Chair:** You're first up, for six minutes. The floors is yours.

**Hon. Pierre Poilievre:** Thank you, Clerk Shugart, for your service to Canada. You are an excellent public servant and we're happy to have you here.

Speaking of the public service, when it recommends a nearly billion-dollar contribution agreement, does the public service do due diligence on the financial integrity of the recipient? That would be a yes or a no.

**Mr. Ian Shugart:** In general, yes.

**Hon. Pierre Poilievre:** In this case of the WE Charity, Kate Behan of Charity Intelligence said of WE Charity's finances that when you scratch beneath the surface there are lots of red flags. Did anyone in the public service raise these red flags?

**Mr. Ian Shugart:** Not to my knowledge, Chair.

I would say that the due diligence is carried out primarily through the negotiation or the development of a contribution agreement, which was certainly done in this case. If there were obvious problems related to an organization that were related to the ability of the organization to carry out the objectives of the program—

**Hon. Pierre Poilievre:** Right—

**Mr. Ian Shugart:** —that would be—

**Hon. Pierre Poilievre:** —but there were no red flags.

Did anyone in the public service flag the publicly released audit that showed WE Charity was in breach of a 2018 bank covenant?

**Mr. Ian Shugart:** Not to my knowledge, sir, no.

**Hon. Pierre Poilievre:** Did you discuss with the Prime Minister the WE Charity contribution agreement or the involvement of WE in this program before the proposal went to cabinet?

**Mr. Ian Shugart:** I did not personally have those discussions, Chair. I think it would be helpful for the committee to understand, and I'll be very brief about this, that the clerk is not always in the room where the decisions—

**Hon. Pierre Poilievre:** Did anyone in the PCO?

**Mr. Ian Shugart:** Yes, PCO definitely. Definitely.

**Hon. Pierre Poilievre:** On what dates?

**Mr. Ian Shugart:** There were briefings of the Prime Minister and the PCO before cabinet meetings. There was a briefing with the Prime Minister and PCO on May 21, for example. There may have been an earlier discussion upstream in the development of the program with the Prime Minister.

**Hon. Pierre Poilievre:** What date?

**Mr. Ian Shugart:** I'll have to get the date to you.

I'm happy, by the way, Chair, to provide extensive documentation, including timelines, to the committee, which I'm sure will assist the committee in its work.

• (1105)

**Hon. Pierre Poilievre:** Thank you, sir. We're looking for all the dates on which the Prime Minister and any member of the PCO discussed the Canada student service grant or the WE Charity. Did you ever discuss the WE Charity or any of its related organizations with the Prime Minister, yes or no?

**Mr. Ian Shugart:** Personally, no.

**Hon. Pierre Poilievre:** Are you aware of any of your members of the PCO doing the same?

**Mr. Ian Shugart:** In the context of the suitability of a third party, and specifically the WE Charity as the third party, this was part of the cabinet discussion, and yes, the PM was briefed by PCO on it.

**Hon. Pierre Poilievre:** How many ministers signed the memorandum to cabinet for this initiative?

**Mr. Ian Shugart:** This would have been one minister; if I remember correctly, Minister Chagger.

**Hon. Pierre Poilievre:** The lead public servant we are told in this matter was Madam Wernick, who works at Employment and Social Development.

Why is it that the minister for employment and social development, Minister Qualtrough, refused to sign on to this memorandum to cabinet?

**Mr. Ian Shugart:** I wouldn't use the word "refused". It's because Minister Chagger is the Minister of Diversity and Inclusion and Youth and this was a youth program, and the Department of Employment and Social Development supported that minister in the development of the program.

**Hon. Pierre Poilievre:** What is the name of the official who assigned Rachel Wernick to work on the Canada student service grant?

**Mr. Ian Shugart:** It would have been the natural placement of responsibility. As the senior ADM in that area of the department, the responsibility would naturally have fallen to her.

**Hon. Pierre Poilievre:** What was the name of the Finance official who assigned Michelle Kovacevic to work on this file?

**Mr. Ian Shugart:** It is the same answer, Chair. This would have fallen within Michelle's responsibilities as the relevant ADM.

**Hon. Pierre Poilievre:** Did any member of the Prime Minister's staff raise the possibility with PCO that WE could be the delivery organization for the Canada student service grant?

**Mr. Ian Shugart:** To the best of my knowledge, Chair, the answer to that is no.

There were discussions involving Employment and Social Development, Finance, the ministers' offices of Finance and the Prime Minister's Office throughout various stages of the development of the proposal, but the proposal for the WE Charity to be the third party partner was recommended to the government by Employment and Social Development.

**The Chair:** This is the last question, Pierre.

**Hon. Pierre Poilievre:** I'm going to ask one more time, as broadly as I can, did anyone in the public service raise any red flags about the financial integrity, the financial practices, the financial

sustainability or anything, any other problems related to the WE Charity finances before this issue went to cabinet?

**Mr. Ian Shugart:** The answer, as far as I am aware, is no.

**The Chair:** Thank you.

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

**Mr. Peter Fragiskatos (London North Centre, Lib.):** Thank you, Chair.

Thank you, Mr. Shugart, for being here, and for all your work, particularly during the pandemic.

My first question relates to contribution agreements.

Are contribution agreements reviewed by the PCO?

**Mr. Ian Shugart:** Primarily the responsibility for the contribution agreement would be the relevant department, but the broad lines of a contribution agreement might very well involve scrutiny by the Privy Council Office or the Department of Finance, or even frequently the Treasury Board Secretariat.

I do know that along the way the Privy Council Office did ask ESDC officials if there was any potential for a competitive process, in this case, if the WE Charity was the only appropriate vehicle for this contribution agreement. Ministers themselves—you'll appreciate that I won't go into detail, Chair—at cabinet discussion raised issues about the capacity of the WE Charity, about how it would reach out to under-represented students to ensure reach right across the country, and various other matters, all of which would be reflected in the contribution agreement.

• (1110)

**Mr. Peter Fragiskatos:** As part of the general scrutiny given by the Privy Council Office that you mentioned, sir, is there a vetting process to ensure that decisions are not made whereby there's a conflict of interest?

**Mr. Ian Shugart:** I wouldn't say, Chair, that there is a precise process or any established methodology. Every situation is unique. Every issue of conflict of interest or its appearance has its own unique context. In this case, the issue was not raised, as I indicated in response to Mr. Poilievre's questions, and I wouldn't say that in the contribution agreement or in the cabinet procedures that we went through there was any particular provision for flagging conflict of interest.

**Mr. Peter Fragiskatos:** Mr. Shugart, you've been a public servant for many years and have made a great contribution throughout. I would ask about the future of the Canada student service grant here. With your experience with regard to seeing how programs go ahead or don't go ahead and the various issues related to that, what would you say we could do here to ensure that the Canada student service grant can go ahead? What is the future of the program, in your view, and can it be offered? What can would-be student volunteers hope for at this point and what can not-for-profit and charity organizations, which are in many ways on the front lines of the COVID-19 response, expect at this point? It's July; in fact we're heading into late July. Is it still in fact possible to offer a program along the lines of what the Canada student service grant was envisioned to be?

**Mr. Ian Shugart:** Six of those public service career years were spent as the deputy minister of Employment and Social Development in fact.

I will not speak for officials in that department or in Minister Chagger's area of youth support, but my understanding is that a program will be stood up. It will take advantage of the I Want To Help platform that exists at ESDC. It will offer much less in the way of wraparound services to students. That is a consequence of the public service having to deliver the program. From the beginning the government has been concerned about the impact of the pandemic on students and has been determined to provide whatever support can be offered through this program, but it will without question be less than what was envisaged through the third party delivery of the program.

**Mr. Peter Fragiskatos:** I have one final question, Mr. Chair.

Why was WE chosen, Mr. Clerk? What about WE particularly stood out? We've heard from others, including PSAC, who we'll hear from later today, the Public Service Alliance of Canada, of course, that it should have been the public service that administered the program.

What in your view stood out about WE? Why were they uniquely placed to offer the administration of the program?

**Mr. Ian Shugart:** Well, I certainly understand and appreciate the vote of confidence as one would expect from PSAC, and I generally agree entirely, of course, with the ability and the talent of the public service to deliver programs, and I think we have seen what the public service is able to stand up on relatively short notice.

What WE was able to provide, I understand, was the full range of services that would go to the heart of this matching program that would put young people in contact with not-for-profits so they could gain the relevant experience. WE had the ability to promote the program with a massive social media following, and experience in other situations of matching young people to service opportunities. The department was not equipped to provide that. Existing database information and representation right across the country with partnerships with other charities and so on were features that gave the on-boarding and the matching elements of the program the capacity to be delivered.

As I indicated in response to your earlier question, what we're dealing with now demonstrates that WE was going to be able to

provide a level of service that the public service could not by itself provide, notwithstanding its best efforts and experience.

• (1115)

**Mr. Peter Fragiskatos:** Thank you.

**The Chair:** Thank you, both.

I will turn to Mr. Fortin, who will be followed by Mr. Julian.

Mr. Fortin, you have six minutes.

[*Translation*]

**Mr. Rhéal Fortin (Rivière-du-Nord, BQ):** Welcome, Mr. Shugart. I'm glad to have you with us.

When did you learn of WE Charity's proposal?

**Mr. Ian Shugart:** It was likely sometime in late April, but in general terms.

[*English*]

**The Chair:** Mr. Shugart, I don't want to interrupt, but I believe if you look at your little circle down below on language... You need to have it on the language you're speaking. You're coming through to me on both languages at the same level.

**Mr. Ian Shugart:** Thank you very much, Chair.

With apologies to Mr. Fortin, perhaps it would be better if I just spoke in English. That will save confusion of [*Inaudible—Editor*] of the technology back and forth, if that would be agreeable.

[*Translation*]

**Mr. Rhéal Fortin:** I'd prefer to be answered in French, but you can carry on.

[*English*]

**The Chair:** Go ahead.

**Mr. Ian Shugart:** In English or French?

**The Chair:** I think Mr. Fortin said that he wanted it in French, but you're the witness. It's your choice.

**Mr. Ian Shugart:** Okay, I'm having a little difficulty navigating the screen here, Chair, so I think for that reason I will respond in English.

I became aware of the involvement of WE Charity in a general way. I hope the committee will appreciate that a vast range of issues were going on at a very intense time. The clerk is not involved in every file, and that was the case. In fact, in some of the briefings, colleagues were with the Prime Minister's senior PCO colleagues, so my involvement with this file directly was fairly limited until recent days.

[*Translation*]

**Mr. Rhéal Fortin:** You said you took part in meetings regarding WE Charity in April, with senior officials.

Who were those senior officials? Can you name them off the top of your head? Who did you have those discussions with?

[English]

**Mr. Ian Shugart:** Yes, of course.

From PCO, there was the deputy secretary who supports cabinet, Philip Jennings, and the deputy secretary who is responsible for our operations, including many of the relationships with other departments, Thao Pham. Both of those officials—at least one or the other—would have been in all of the briefings with the Prime Minister.

[Translation]

**Mr. Rhéal Fortin:** Did the Prime Minister take part in those meetings?

• (1120)

[English]

**Mr. Ian Shugart:** As will be shown by the timeline that I can provide the committee, the Prime Minister was briefed prior to cabinet meetings and on at least one other occasion discussing the development of the program, the options, the design features, etc.

[Translation]

**Mr. Rhéal Fortin:** Very well, but do you recall whether he or his chief of staff attended the meetings, personally?

[English]

**Mr. Ian Shugart:** In the meetings to which I refer, Chair, I am speaking about the Prime Minister.

[Translation]

**Mr. Rhéal Fortin:** The Prime Minister, personally, took part in the discussions on WE Charity. Is that correct?

[English]

**Mr. Ian Shugart:** At that stage of the development, for example, when the recommendation was fully formed that we were recommending the WE Charity as the third party partner, yes, the Prime Minister was personally involved, of course.

[Translation]

**Mr. Rhéal Fortin:** When you received WE Charity's proposal, did you conduct any internal reviews of its financial health and ability?

You were hoping to entrust the organization with managing a \$900-million contract, so I would think you initially did some digging to find out who you were dealing with. It wasn't something you more or less did.

[English]

**Mr. Ian Shugart:** As I said in response to Mr. Poilievre's question, Chair, of course there would be scrutiny of any organization and its ability to deliver a program if it was envisaged that it would be the vehicle for that task. Issues of the financial—

[Translation]

**Mr. Rhéal Fortin:** You said "would", but in this specific case, did you scrutinize WE Charity's creditworthiness or soundness otherwise in relation to its ability to administer the program?

If so, who did those checks and when? Can you give us details on the case of WE Charity?

I'm not asking about what you generally do. I know it's something you do in general, but in this specific case, was it done?

[English]

**Mr. Ian Shugart:** As I indicated, Chair, no financial flags were raised through this process about the WE Charity. To the best of my knowledge, officials did not engage in detailed scrutiny of the financial affairs of the organization. I stand to be corrected by subsequent testimony, but to the best of my knowledge there were no detailed investigations of WE Charity's financial affairs.

**The Chair:** Mr. Fortin, this is the last question.

[Translation]

**Mr. Rhéal Fortin:** Thank you.

Mr. Shugart, did the Prime Minister or his chief of staff ask that WE Charity's financial integrity and ability to administer the program be scrutinized?

[English]

**Mr. Ian Shugart:** The Prime Minister's chief of staff, given the scale of the program, did make the point, which was accepted by everyone, that due diligence and care needed to be exercised with regard to WE Charity. Ms. Telford was not referring to the financial integrity of the organization. Those issues, to the best of my knowledge, were not raised.

**The Chair:** We will have to end it there.

Next is Mr. Julian, and he will be followed by Mr. Barrett.

**Mr. Peter Julian (New Westminster—Burnaby, NDP):** Thanks very much, Mr. Chair.

Thanks, Mr. Shugart, for being here today. We hope you and your family remain safe and healthy through this period.

You said in your testimony that it was around the end of April, in a general way, you became aware of the WE proposal. As we heard from testimony last week from Ms. Wernick, the WE proposal arrived the same day that the Prime Minister announced the program. In her testimony, Ms. Wernick gave very clearly in reply to questions the statement that the public service was not aware of the details of the program and actually learned about it the same day.

When did you become aware specifically of the proposal from WE? For the timeline we need as part of this finance committee study, I would appreciate, and I think we all would appreciate, getting that as soon as possible. When did you first become aware of the WE proposal?

• (1125)

**Mr. Ian Shugart:** Personally, Chair, I'd have to say for the committee that it was not during that time at all that I personally was aware of the proposal from WE Charity. Colleagues were, so I will answer the question in the context of the Privy Council Office as a whole, if that is acceptable to Mr. Julian.

My understanding is that it would have been around April 19 or 20. I can confirm this timeline for the committee. That is when the proposal would have been received by various officials in the government.

**Mr. Peter Julian:** Are we talking about the first proposal or the second proposal? From Ms. Wernick's testimony the second proposal was received on April 22.

**Mr. Ian Shugart:** Okay. There was an earlier proposal, I understand, which came in early April, if I remember correctly. It related to an idea, a program, that in the end was not funded.

**Mr. Peter Julian:** Yes. I'm sorry, but I'm going to have to move on.

When was the involvement of WE and all of the finances involved, including the \$43 million that WE would have received, brought to cabinet, and what discussions were held around recusal?

Were you aware of the financial connection between the finance minister's family and the Prime Minister's family and WE?

**Mr. Ian Shugart:** There were two cabinet discussions, one by the COVID committee and then ratification at cabinet near the end of May.

We were not aware of any connection of the finance minister. The Prime Minister's involvement with the charity over a long period of time, of course, was in the public domain. I must say that, of course, one of the standard means of dealing with conflict of interest, or the appearance of conflict of interest, is disclosure.

In a sense, the Prime Minister's involvement was in the public domain, and I must say that it did not particularly cross my mind that there was anything that needed to be disclosed because this was a well-known fact at the time.

I would also say, Chair, that given the importance of the issue to the government's overall efforts to deal with the impacts of the pandemic, and given the scale of the contribution up to \$900 million—I would emphasize for the committee, “up to”—I do not see a way that the Prime Minister or the finance minister responsible for public funds could not have had involvement in the policy development and in the approval of finances on this scale.

**The Chair:** We'll give you a little more time. That was a long answer, but I thought it needed to be [*Inaudible—Editor*]

**Mr. Peter Julian:** Thanks, Mr. Chair.

We've heard that there were no financial flags, and I presume no evaluation of WE's financial circumstances. I gather as well from previous questions that there was no examination of the liability issues that Volunteer Canada raised with us last week, so there are tons of questions I think that folks want to ask on this.

You'll recall, Mr. Shugart, under the SNC-Lavalin controversy, the Ethics Commissioner said that he was “unable to fully dis-

charge the investigatory duties conferred upon me” because you refused to provide information that the Ethics Commissioner had asked for.

My question this time is: Will you fully co-operate with the Ethics Commissioner or any request that the Ethics Commissioner makes for documentation and for answers on this controversy?

• (1130)

**Mr. Ian Shugart:** Within the bounds of my responsibility, Chair, of course I will co-operate with the Ethics Commissioner, as I would assert I did a year ago in relation to the previous issue.

The committee will recall that the government itself had given a waiver of many of the cabinet confidences. I indicated to the Ethics Commissioner that, in my judgment, there had been no demonstration of a greater public interest to weigh the cabinet confidences and invited him to follow up with specific requirements that he might have, and the Ethics Commissioner engaged in no further follow-up.

I will absolutely co-operate with the Ethics Commissioner within the bounds of my responsibilities as the secretary to the cabinet.

**The Chair:** This is the last question, Peter, if you have a short one.

**Mr. Peter Julian:** The short one is: Are you aware that any other organizations were contacted?

Volunteer Canada said that they repeatedly tried to speak with ministries about this. Were any other organizations even contacted to talk about this possible program and how to implement it?

Was there any discussion around the alternative, which was, of course, to invest more resources in the Canada summer jobs initiative, which has been cruelly underfunded at this time of the pandemic?

**Mr. Ian Shugart:** I do know that early in the development of policy, meetings were held with a range of non-profit organizations, voluntary organizations, and so on. WE Charity was one of those consulted. We can provide you with the full list of organizations that were consulted.

I would say, at the front end of this, it was a wide open process. It is true there was no call for proposals. It is true there was no competitive process. I mentioned earlier that PCO raised the question of the department and whether there should be or could be a competitive process. The answer was no, with reasons, and colleagues at PCO were satisfied that was the case.

Beyond that, I'm not aware of specific interactions of groups that sought the opportunity, but it was clear from my review of the file that ESDC, in co-operation with Finance, examined the parameters of the program, the features that were desirable, and the conclusion was that WE Charity had the necessary experience to meet the need.

**The Chair:** We are going to end it there. We will certainly have time for four more questions of five minutes, maybe more.

We'll start with Mr. Barrett, and then Ms. Dzerowicz. We will have a space for another Conservative MP in slot three, and then Ms. Koutrakis.

Mr. Barrett.

**Mr. Michael Barrett (Leeds—Grenville—Thousand Islands and Rideau Lakes, CPC):** Mr. Shugart, who has the authority to waive cabinet confidence? Is it just the cabinet itself?

**Mr. Ian Shugart:** The convention is that the secretary to the cabinet has the authority to waive cabinet confidences. There's jurisprudence on this. As was clear from the SNC-Lavalin case, the Prime Minister himself, of course, can opt to waive cabinet confidence, but traditionally that duty falls to the clerk and there is jurisprudence on the criteria that the clerk has to follow on this.

• (1135)

**Mr. Michael Barrett:** Okay. Thank you.

You talked about the standard in conflict of interest and one of the criteria being disclosure. Did you know that members of the Prime Minister's family had been the beneficiaries or recipients of more than a quarter of a million dollars, up to \$300,000, from WE?

**Mr. Ian Shugart:** I did not.

**Mr. Michael Barrett:** Okay.

Would you be prepared to submit to the committee the media monitoring for the days following noted public appearances by Mrs. Margaret Trudeau and Mr. Alexandre Trudeau?

**Mr. Ian Shugart:** I see no reason we would not support the committee that way.

**Mr. Michael Barrett:** Okay.

Can you confirm that Rachel Wernick is at the point in her career where her next promotion would have to be approved directly by the Prime Minister?

**Mr. Ian Shugart:** If she were promoted to a Governor in Council position, that would be the case, but I can tell you that a public servant moving to another job within the public service not involving a Governor in Council appointment is often treated as a promotion, so not necessarily.

**Mr. Michael Barrett:** You've said that, of course, public servants do their due diligence of groups getting large government contributions. In fact, you've said that in spite of the fact that the Prime Minister or finance minister could have any range of involvement or their family members could have any range of involvement with an organization, this government contribution agreement was so big that they would have to be involved.

With a deal that's this big, how was it missed that there were breached bank covenants and a board responsible for the organization in shambles, in a word, and there were all kinds of real estate transactions that are now in the public domain that are questionable at best for an organization of this type? How could, in that due diligence, something like that be missed?

**Mr. Ian Shugart:** That is an entirely reasonable line of inquiry, of course. What I have said to the committee is that, to the best of

my knowledge, those issues were not raised. What I have also said, and I repeat, is that the focus with respect to this contribution agreement had to do with the capacity of the organization effectively to deliver the program. That is what the due diligence related to. That is what the Prime Minister's chief of staff raised in saying this is on a scale that we should make sure that the organization can really deliver this. That is what the subsequent focus on the contribution agreement concerned itself with.

As to the other issues, I'm afraid I do not have the knowledge of the organization or recent events related to the organization. I can simply tell the committee that those issues were not on the table, to the best of my knowledge, at the time.

**The Chair:** This is your last question, Mr. Barrett.

**Mr. Michael Barrett:** It'll have to be multi-part, Mr. Chair.

**The Chair:** Keep it short.

**Mr. Michael Barrett:** Okay.

Who in the PMO was aware of the details of the program before the April 22 announcement? Did the Prime Minister know that the program was being awarded to WE before that April 22 announcement?

**Mr. Ian Shugart:** No, he did not. The initial announcement explicitly, if I remember correctly, included the Prime Minister indicating that further details would follow, that there would have to be further development of the program. This was the announcement by the Prime Minister that many of the gaps affecting students, that had arisen as a result of the pandemic, the government fully intended to address, and there would be a program along these lines.

At that point, the public service, and presumably WE Charity, went to work in a vigorous way to design the program in detail, which was then brought forward in proposals by the minister to the COVID committee and later ratified by cabinet.

• (1140)

**The Chair:** Thank you, both.

Before I turn to Ms. Dzerowicz, perhaps somebody from the official opposition could give me a signal if they want in on the next round. I don't have anybody on my list. Mr. Shugart did not take time at the leadoff, so there's more time for questions.

**Hon. Pierre Poilievre:** I will take it, Chair.

**The Chair:** Ms. Dzerowicz.

**Ms. Julie Dzerowicz (Davenport, Lib.):** Thank you.

Thank you so much, Mr. Shugart. Thanks for being here today. Thank you so much for your leadership and service to our nation, especially during this unprecedented time.



I want to start off by going back to March and April, when the severity of the pandemic became obvious and the Government of Canada was very focused on providing Canadians with as much help as possible. I just went through everything that was announced before April 22, and I literally have four pages of announcements. There was an unprecedented amount of work done by our civil servants to provide supports to the homeless, to the arts sector, to the business sector, to individuals—you name it. We introduced a whole number of programs.

In terms of students, as you just mentioned, there was a huge concern about the unevenness of what was available in terms of jobs and opportunities and the ability for students to be able to continue to have financial means to be able to support their ongoing education. On April 22, \$9 billion was announced to support post-secondary students. There were four key programs. There was the Canada emergency student benefit, expanding more jobs, in addition to CSJ, with adjustments to Canada student loans and grants to make them far more generous. This last segment was the Canada student service grant, which was up to \$912 million. It was meant as a way to provide an opportunity for students to not only volunteer, serve in their community and help non-profits, but also to earn a little bit of extra money.

Again, my understanding is there was a stacking element. You could actually have up to three of these components. We could give many opportunities to students across this country and give them the best ability to be able to continue to work or continue to support their community while also trying to raise some funds for their ongoing education.

There's this false narrative around the federal government setting up the Canada student service grant to provide an hourly wage for students. Can you please relate to the committee whether there was the intention to provide an hourly wage or whether it was meant as part of an overall package, some additional support, in a grant format?

**Mr. Ian Shugart:** My understanding...and I want to underline to the committee, Chair, that I am not the file expert, and one of my many flaws is a non-encyclopedic memory. But my understanding is that this was intended to help provide for the needs of students who, because of the inability to have part-time work or perhaps the support from families that have been affected by job loss, etc., were not able to access the CERB and they could very well be in hard times in terms of their own income.

So in the form of a grant, as you say, this was intended to meet that financial need, but as part of an engagement putting students who would otherwise have been studying to work in ways so that they could make a contribution through non-profits and support to the community and so on during the pandemic.

I might point out that one of the criteria, one of the requirements, of the WE Charity was to be able to support this kind of thing in a safe way, so that the public health goals of limiting the spread of the pandemic would be supported and attended to through this vehicle.

• (1145)

**Ms. Julie Dzerowicz:** So it was never meant to be an hourly wage, just an additional support, and one of many numbers of dif-

ferent things that the government was introducing to try to support the students.

**Mr. Ian Shugart:** Well, I stand to be corrected by officials in the relevant departments, but that is my understanding. You're correct.

**The Chair:** Last question, Julie.

**Ms. Julie Dzerowicz:** It's a two-part question, Mr. Chair.

You had also indicated that the PM was personally involved in the discussions of WE once they were recommended by the civil servants and this is not untypical. This happens to all major programs, and it's typical. If you could confirm that...?

I think the other thing that's really important for us to have on the record is that the Prime Minister has apologized for not recusing himself from the cabinet decision when it came to cabinet to finally approve WE. While it's absolutely typical to actually be involved in the discussions around big programs such as this Canada student service grant, I think the Prime Minister did indicate that he should have recused himself from the actual final decision at cabinet.

**Mr. Ian Shugart:** You're correct. He has said that on the record, and that was his decision to convey that.

I do repeat that I don't know how the Prime Minister—and let's remember, we're talking about the former Minister of Youth here—could not have been involved in understanding the development of a program of this importance and of this scale.

**The Chair:** Thanks, both of you.

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

Ms. Gaudreau, we'll have time for a question from you, I'm sure.

Mr. Poilievre, you have five minutes.

**Hon. Pierre Poilievre:** Do you commit to releasing all of the communications between PMO staff and PCO with regard to the Canada student service grant and the WE Charity contribution agreement?

**Mr. Ian Shugart:** I believe the committee should have access to as much of this information as possible.

**Hon. Pierre Poilievre:** So that would be a yes, that you will proactively submit that to the committee clerk?

**Mr. Ian Shugart:** Yes.

**Hon. Pierre Poilievre:** Thank you very much for that.

Secondly, could you commit that you'll do the same for all communications from the finance minister's office to PCO and to the finance department?

**Mr. Ian Shugart:** I will do that.

**Hon. Pierre Poilievre:** Thank you.

Next, during previous testimony by Ms. Wernick, I asked her who it was that told her to reach out to WE to deliver this program. She gave the name of a Finance Canada official, Michelle Kovacevic, who apparently convened a meeting across departments. Were you aware of this mid-April meeting?

**Mr. Ian Shugart:** I wasn't, Chair. Whether officials at PCO would have been aware at that point of the development, I do not know.

**Hon. Pierre Poilievre:** Do you know if there were any PCO officials in attendance at that meeting?

**Mr. Ian Shugart:** I can verify, but I don't believe so. But—

**Hon. Pierre Poilievre:** Can you commit to releasing the names of all the participants in the meeting and finding out if there are any notes from the meeting and releasing those to the committee as well?

**Mr. Ian Shugart:** We'll include that in what we provide.

**Hon. Pierre Poilievre:** Thank you.

If the meeting took place by Zoom, can you check if there is a recording of that meeting and commit to releasing that recording to our committee as well?

**Mr. Ian Shugart:** If there is such a thing, we can provide all of that. My intention, Chair, is to be as expansive as possible in the information we provide to the committee.

**Hon. Pierre Poilievre:** Thank you very much.

The next question I have goes back to this issue of due diligence. You confirmed that the public service does perform due diligence when it awards large-scale contribution agreements. This was a billion-dollar contribution agreement, but you indicate that somehow or another, your officials missed the fact that WE, the recipient of the contribution, had breached a bank covenant, that its entire board had resigned and, presumably, they missed the fact that the organization and its affiliates had somehow accumulated \$40 million in real estate, even though it is not a real estate business.

Who in the public service ought to have performed and reported on this due diligence?

**Mr. Ian Shugart:** That "ought" assumes that there was a failure of duty, and I'm not prepared to accept that assertion. I do not know what information was available to whom on the broader dealings of the organization, which I understand is a complex organization.

I can only repeat for the committee, Chair, that the due diligence of the public service related to the ability of WE Charity to deliver this program.

• (1150)

**Hon. Pierre Poilievre:** Right, and doing that due diligence would have required reading the financial statements. Is that correct?

**Mr. Ian Shugart:** If that were relevant to their ability to deliver this program, that may be the case.

**Hon. Pierre Poilievre:** You would have to read the financial statements to know if the organization had the financial capacity to administer a program of this scale.

Did anyone in the public service read the financial statements of WE before allegedly recommending that it be given delivery of this program?

**Mr. Ian Shugart:** I think the answer to that question is encompassed within my earlier answer. I don't have any further information.

**Hon. Pierre Poilievre:** Right, because if they had read the financial statements, they would have found that WE was in breach of its bank covenants, which would have been right there staring the official in the face. It seems hard to believe that no one would have alerted the government to these facts about the WE organization.

Finally, did the Prime Minister indicate to you when you discussed this matter with him, this WE contribution agreement, whether or not he had spoken to any member of WE or its affiliates or its representatives before the proposal went to cabinet?

**Mr. Ian Shugart:** There is absolutely no evidence, no suggestion, in anything that I have reviewed that would suggest that the Prime Minister had any interaction with the WE Charity in relation to this program—none whatsoever.

**The Chair:** Thank you, both.

**Hon. Pierre Poilievre:** What about his staff members?

**Mr. Ian Shugart:** The same issue, as far as I know.

**The Chair:** We will now turn to Ms. Koutrakis, and then we'll have time for one question from Ms. Gaudreau, and maybe one from Mr. Julian.

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

Thank you, Mr. Shugart, for being here with us today.

Last week we heard from Ms. Wernick, and in her testimony she said that the public service agreed that the WE Charity was the only organization to deliver the student service grant. With this in mind, it makes sense, then, that the cabinet would try to deliver the program as quickly as possible given the exceptional circumstances that we are all currently facing.

Was a contribution agreement the most effective way, in your opinion, to quickly deliver the CSSG, and is there anything unethical about delivering a program through a contribution agreement?

**Mr. Ian Shugart:** Absolutely not. Contribution agreements are a vehicle that governments, going back as far as I can remember, have used to achieve public policy purposes in a transparent way that is subject to audit, which this agreement was and is. They are a standard vehicle.

There are standard provisions in contribution agreements. They will vary from case to case, depending on the nature of the program being delivered. They are absolutely a proven vehicle, and there is nothing unethical about using a partnership agreement with a third party to achieve public policy and public administration objectives—none whatsoever.

**Ms. Annie Koutrakis:** Can you expand, please, on what steps are taken to get a program through the cabinet process?

**Mr. Ian Shugart:** It all depends on the program and the nature of it, but, in brief, a minister proposes something, sponsors the proposal, so to speak, which would have been developed by public servants with input, again depending on the case, from stakeholders.

Again, going back decades, governments of all stripes have engaged with stakeholders through their own political offices and, through public servants, have received proposals and have asked for proposals. It is a very dynamic process. That will result in a proposal that public servants will sign off on. It will typically go to a committee of cabinet for scrutiny, and then, if the recommendation is positive or even if it is disputed but still has life, it will go to full cabinet for ratification. Different governments will vary the process somewhat according to the procedures that the head of the government puts in place, but, generally speaking, that is the process that is followed.

During the COVID pandemic there have been amendments to the process. There has not always been the luxury of time. Cabinet, of course, was meeting less frequently than it normally would. The COVID committee, which is an ad hoc committee chaired by the deputy prime minister, was meeting far more regularly than any committee normally would.

So there were variances related to the nature of the crisis, but, in general, that would be the process.

• (1155)

**Ms. Annie Koutrakis:** In general, is it common for the civil service to consider multiple organizations but only recommend one organization to cabinet?

**Mr. Ian Shugart:** It would depend on the facts of the case. If there were—and let's use our imaginations here—a wide variety of organizations, and if there were time to do it, there might very well be a formal competitive process. There could be a call for proposals in a formal competitive process. There's been a wide variety.

By the way, the WE charity was not the only third party the government turned to during the pandemic crisis to support these public objectives. It turned to the Canadian Red Cross, the United Way Centraide and other organizations to provide the expertise and the reach that the public service does not itself have. Let's bear in mind that our system may have the public service as central at the federal, provincial and municipal levels in providing public services, but it's part of a complex system of civil society organizations supporting these objectives. The public service may be admirable, but it's not everything. This is a normal part of doing business.

That is not to say, Chair, that the nature of the committee's inquiry is trivial or should not be followed up, but this is a standard means of doing business. In this case, the public service professionally concluded that this organization was best placed, and indeed uniquely placed for reasons I mentioned earlier in our meeting, to deliver these objectives, and all of the decisions associated with it were consistent with that conclusion.

**The Chair:** I'm sorry, but we're out of time there.

I do want to just follow up on the steps in the cabinet process, having been in cabinet myself. Usually there are three options that come to cabinet, in my time, anyway. Now with COVID, no doubt there's more streamlining out of necessity.

Would other options beyond WE have been there? You did mention United Way; you did mention the Red Cross. Would there be a preferred option, other options considered, and why didn't they see fit to go with them?

**Mr. Ian Shugart:** Well, Chair, you're revealing our techniques—that we often provide ministers with an unacceptable option, another unacceptable option and the right option. I'm making light of it of course, and I want to be clear to the Canadian public about that.

Again the facts will determine the situation.

I do not believe that options were provided in this case, because the lines of the program, broadly speaking, had already been announced by the Prime Minister as being the government's objectives to deal with this issue. What was recommended to cabinet followed those lines. It represented the further elaboration of those program features. Similarly, in the absence of other options, in the public service's best judgment about the delivery vehicle, the WE Charity was the only recommendation made, but with the rationale that they were uniquely placed, in our opinion, to deliver many of the features of the program.

Now, as I said, in the cabinet discussion, ministers did raise issues of due diligence. That part of the process was followed, as it would be in any other case, Chair.

• (1200)

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

I did promise Ms. Gaudreau and Mr. Julian one more question each. We'll go a little bit over.

Ms. Gaudreau.

[*Translation*]

**Ms. Marie-Hélène Gaudreau (Laurentides—Labelle, BQ):** Thank you, Mr. Chair.

We've learned a number of things so far at this meeting, so I thank you, Mr. Shugart. You told us that due diligence was exercised.

My question is straightforward. You mentioned that, recognizing your duty, you felt it important to choose an organization capable of meeting the conditions of the contribution agreement. We raised the possibility of a creditworthy organization.

Since due diligence was exercised, would it be possible to provide the committee with that so-called diligence, the actual report?

[*English*]

**Mr. Ian Shugart:** If there are relevant documents in that regard, Chair, I would be happy to have them provided to the committee.

I think it would be appropriate for the committee to see the contribution agreement with WE Charity. I would have no objection to the contribution agreement being made available and I cannot imagine that WE Charity would have any objection either.

**The Chair:** Thank you, Mr. Shugart. We'd appreciate receiving that contribution agreement, and we will have the Kielburger brothers—

[*Translation*]

**Mr. Rhéal Fortin:** I have a point of order, Mr. Chair.

[*English*]

**The Chair:** —before the committee on the 28th.

Mr. Fortin, you have a point of order?

[*Translation*]

**Mr. Rhéal Fortin:** I think there's a misunderstanding. Ms. Gaudreau was asking for the report on the due diligence that was carried out, not the contribution agreement. Obviously, we'd like the contribution agreement as well, but it was the report containing the due diligence that was carried out that Ms. Gaudreau was asking for. I'm not sure whether the witness understood that.

[*English*]

**The Chair:** Okay. We'll come back to Mr. Shugart, if he can answer along that line, and then we'll go to Mr. Julian.

**Mr. Ian Shugart:** Chair, I understood perfectly, and I undertook to provide both.

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

Then Mr. Julian, you may have the last question.

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

Mr. Shugart, earlier you made what I thought was quite a surprising comment about how the size of the financial decision meant that you didn't see how the Finance Minister and the Prime Minister could have recused themselves. This is quite a surprising comment. So is it the position of the PCO that there's a limit to where the conflict of interest code would apply? At what level is that? If a billion dollars of taxpayers' money is too much for a minister to recuse himself from considering, at what level is that no longer a consideration? Is it \$50 million? Is it \$1 million? Could you please clarify your remarks?

**Mr. Ian Shugart:** I will repeat them, Mr. Chair.

What I said is that I could not imagine how the Prime Minister and the Minister of Finance could not have been involved as part of this process. I did not refer specifically to recusal at cabinet. I indicated that this was a fundamental policy issue for the government. I do not see how the Prime Minister could have no knowledge of the development of the policy that would meet the needs of students impacted by the pandemic.

For the finance minister, given responsibility for the finances of the country, given the significance of the expenditure here, of up to \$900 million, with an initial tranche in the order of \$500 million, at some stage, the Minister of Finance would, in my judgment, have to be aware of the scale of the program, or existence and development of a program of that scale.

I make no judgment whatsoever about the Prime Minister's comment on his non-recusal, and I make no judgment about the finance minister's comments in that regard either.

● (1205)

**The Chair:** We will have to end it there. I think we had a fruitful hour of discussion with the Clerk of the Privy Council.

Mr. Shugart, thank you very much for your appearance today.

There are a number of documents, I think, that you have agreed to provide to the committee, and I think you're well aware there's also a motion by the committee looking for documents by early August. Some of them will be the same, I'm sure.

Thank you very much for your attendance today and your answers to our questions.

With that, we will suspend for a couple of minutes to bring on the next panel, and then go to a group as individuals and the Public Service Alliance of Canada.

● (1205)

(Pause)

● (1210)

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

Welcome, witnesses, to meeting number 42 of the second panel of the House Standing Committee on Finance today.

As you know, we are meeting on government spending, WE Charity and the Canada student service grant.

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

With that, we will start. First, we have two witnesses as individuals, and then the Public Service Alliance of Canada. I believe one doesn't have remarks; it slipped my mind who that is. We'll start with Mr. Lapointe, the president of Focus OSBL Consulting Service.

Mr. Lapointe, do you have opening remarks?

**Mr. Daniel Lapointe (President, Focus OSBL Consulting Service, As an Individual):** I'm the person who does not have opening remarks.

**The Chair:** Okay.

**Mr. Daniel Lapointe:** I'm happy to appear here in front of the committee to answer any questions you may have. You just gained five minutes.

**The Chair:** Thank you very much for that, Mr. Lapointe.

We'll turn to Joshua Mandryk, labour and class actions lawyer, Goldblatt Partners LLP.

Mr. Mandryk.

**Mr. Joshua Mandryk (Labour and Class Actions Lawyer, Goldblatt Partners LLP, As an Individual):** Mr. Chair and members of the committee, thank you for the opportunity to speak with you today.

My remarks are focused on concerns that the Canada student service grant raises regarding potential volunteer misclassification and the exploitation of students and recent graduates. I also want to speak about how this program can be salvaged. These are concerns that strike at the core of the program rather than the question of by whom it is administered.

Before I begin, I want to briefly introduce myself and my experiences with these issues.

My name is Josh Mandryk. I'm a labour and class actions lawyer at Goldblatt Partners. My class actions practice is focused exclusively on employment class actions involving wage theft, unpaid overtime and other issues of non-compliance with employment standards legislation. Many of these cases are national class actions, and a number of these cases involve claims of the misclassification of employees, whether it be as independent contractors, student athletes, interns or volunteers.

Prior to my time as a lawyer at the firm, I was actively involved in the fight for the rights of interns and other student workers, first as the co-chair of an organization called Students Against Unpaid Internship Scams, and then later as the executive director of the Canadian Intern Association.

My engagement with issues regarding volunteer misclassification has continued into my work as a lawyer at Goldblatt Partners, including by launching what I believe to be the first volunteer misclassification class action in Canada.

It's with that background that I come to you to share my concerns with respect to the Canada student service grant. In particular, the program raises concerns with respect to potential employee misclassification for participants, for charities and NGOs, and for the government itself.

First, the program potentially exposes its participants to workplace exploitation and misclassification. The question of whether someone is a true volunteer is a legal determination that rests on more than simply whether the hiring entity says they're a volunteer. This program raises legitimate concerns as to whether these individuals are true volunteers.

Second, this arrangement potentially exposes charities and not-for-profit organizations to potential liability for wage and hour claims, whether it be through employment standards complaints, small claims court actions or even potential class actions brought by the so-called volunteers participating in the program.

Finally, the Government of Canada itself could potentially find itself entangled in these legal disputes either as an alleged common employer or as an alleged labour supply agency, given its role as paymaster and given its role in connecting volunteers with placements through the I Want to Help portal.

Aside from those legal concerns, the Canada student service grant also raises concerns about fairness and about the type of sup-

port the government should provide for students and recent graduates. These concerns include the following.

First, the rate of pay provided through the program is significantly less than minimum wage under the applicable employment standards legislation, and setting aside the legality of that arrangement, it raises fairness concerns and it sends a message that the government doesn't value these workers' labour.

Second, mandatory volunteer placements are far inferior to paid employment in terms of the doors they open and in terms of what that work experience means for a young worker on their resumé. To the extent that one of the goals of this program is to support students and recent graduates in their career paths by ensuring they have meaningful summer work experiences, the program as structured fails to deliver.

Jumping to my fourth concern, the program is seemingly at odds with the government's own efforts to crack down on the exploitation of workers through unpaid internships, including the standards for work-integrated learning activities regulations that are set to come into force in September 2020.

• (1215)

[Translation]

**Mr. Rhéal Fortin:** Mr. Chair, could you ask the witness to slow down a bit? The interpreter can't keep up. It's like listening to a race.

[English]

**The Chair:** Go ahead, and slow down.

**Mr. Joshua Mandryk:** Will do. I'm sorry about that.

As I was saying, the program itself is seemingly at odds with the government's own efforts to crack down on the exploitation of workers through unpaid internships, including in regard to the standards for work-integrated learning activities regulations, which are set to come into force in September 2020.

Finally, this program places onerous demands on students, who are expected to work 500 hours between June 25 and October 31 in order to obtain the full \$5,000 grant. This translates into working more than 50 hours per week between June 25 and the end of August, if someone were to try to hit the 500 hours before the school year starts, or it would translate into working more than 27 hours per week every week from the start of the program on June 25 until the end of October. The latter arrangement potentially interferes with these students' studies during the first two months of school. Also, these concerns about the obligations this places on students are heightened given the unique financial, family and child care obligations Canadians are facing during the COVID-19 crisis.

For all of these reasons, the Canada student services grant has serious design flaws that give rise to the exploitation and the potential misclassification of students and recent graduates, and it is in need of a serious overhaul. At this point in time, the best way to try to salvage the program would be to completely remove the mandatory volunteerism requirement, to convert the existing positions into paid jobs through the Canada summer jobs program, and to expand and build up the Canada emergency student benefit to CERB levels and also extend it to international students.

Those are my remarks. I welcome your questions regarding these matters. Thank you.

**The Chair:** Thank you very much, Mr. Mandryk.

We'll turn to Mr. Aylward, the national president of the Public Service Alliance of Canada.

I would say before you start, Chris, that we do want to recognize the hard work, long hours and different work situations that the public service has followed to assist the government and Canadians in dealing with the COVID pandemic. I want you to know, on behalf of the committee, that we really appreciate the efforts that have been made there.

The floor is yours.

**Mr. Chris Aylward (National President, Public Service Alliance of Canada):** Thank you, Mr. Easter, and thank you, committee, for the invitation to appear today.

The Public Service Alliance of Canada represents over 200,000 workers, and 150,000 of those workers work in the federal public service and in federal agencies.

We also represent 40,000 members in the post-secondary education sector; some of these members would be eligible for the new Canada student service grant. We certainly understand the need for a program to assist students; however, this program and the process to establish it are seriously flawed.

The COVID-19 pandemic shut down most of the economy in March. Reopening the economy has been cautious, as it should be. However, this has had a serious impact on potential earnings for young people who are either on the verge of starting their post-secondary education or have recently graduated. The goal of the Canada student service grant program is to provide them with earning opportunities.

While the program was announced on April 22, the announcement that WE Charity would be given the contract to administer it was not made until June 25. It appears that WE Charity was advised two weeks earlier that it would receive the contract. The Prime Minister has claimed that bureaucrats had determined that WE Charity was the only feasible option to deliver the student grant program.

Subsequent events have raised questions about—

• (1220)

**The Chair:** Mr. Aylward, could you lower your mike a little? I understand that you're coming through a little crackly for the translators. Just lower it a little further from your lips. Thank you.

**Mr. Chris Aylward:** Is that any better?

**The Chair:** Yes.

**Mr. Chris Aylward:** Thank you.

Subsequent events have raised questions about how the decision was actually made. We ask why the federal public service was not directed to administer the student grant program in the first place. At one point, the Prime Minister claimed that WE Charity was the only organization capable of delivering the program on the scale that was needed, yet a significant portion of the grant program budget, \$43.5 million, would have gone directly to WE to ensure that their organization could deliver the program. The size of the program, \$912 million, is a very large amount for any organization to administer across all provinces and territories, and in all regions of the country.

The successful rollout of the much larger Canada emergency response benefit program, CERB, was done in very short order, and it proved the public service capable of adapting to meet new demands and moving quickly to do so. While the government has argued that the student grant program needed to be turned around quickly, it took almost two months to even announce who would receive the contract. Today, three months later, the program is still not in place. While the program was scheduled to run until October 31, students will have more difficulty accumulating the necessary hours to actually receive any grant money.

If the program had been turned over to the public service to organize a delivery system, it is likely that students would now be receiving some actual benefit. For example, the student loans program could have been adapted to expand eligibility and include grants equal to the funding allocated to the student service grant program. The infrastructure was in place, and this would have gone a long way to alleviating students' concerns about how to pay for tuition, materials, food and lodging while they study. It would have also supported students who may have to defer their continuing education for financial reasons due to the pandemic. I suspect that if the program is going ahead, it will be turned over to Employment and Social Development Canada, as it should have been from the start.

In addition to questioning why the government decided to contract out this program, we are concerned about the premise of the program, which would pay volunteers. We see this as just another example of young people being forced to accept precarious work at poverty-level wages. The payments are calculated using 100-hour thresholds for each \$1,000 grant. That's a wage of \$10 an hour, which isn't even minimum wage. Minimum wages are at least \$11 an hour and higher across the country. For example, in Ontario, it's \$14 an hour.

Students—

**The Chair:** Mr. Aylward, I reluctantly hate to interrupt again, but just bring your mike down a little. Let's give that a try.

The difficulty of the virtual meetings is that the people in the booths have to be able to hear extremely clearly, and if it's crackling, that's a problem.

Try now. Sorry about that.

**Mr. Chris Aylward:** Thank you. No problem.

My apologies, especially to the interpreters in the booth.

Students may actually end up making even less than \$10 an hour. The grant will be calculated using 100-hour thresholds and will be rounded down. Students need to work a full 100 hours to get any money at all. If they work more than 100 hours, but less than 200, they are providing free labour for the additional hours. It is also ironic that the federal government has brought in regulations under the Canada Labour Code to restrict the use of unpaid internships, yet it is expecting students to work unpaid hours under the student service grant program.

Paying students to carry out volunteer work means that they are no longer volunteers. Simply calling them volunteers will not protect the government or the organizations employing them from violating provincial labour standards. PSAC agrees that students need support during this very difficult time. What they don't need is a program that shortchanges them for their labour.

The government could have organized the program to pay students to work for non-profit agencies and charities, carrying out duties that volunteers could not do, or to perform work that would not be done due to a shortage of volunteers. They could have been paid at least minimum wage for their work, but ideally a wage more closely aligned to the type of work they would be performing, and they could be paid for all their work. For that matter, why introduce a grant program that emphasizes volunteer experience as opposed to job experience? The government could have taken immediate action to bolster existing summer student employment programs, including the federal student work experience program.

Finally—and let me conclude—if the government had either used existing programs or asked the public service to set up a new student work and payment plan, it would have avoided the conflict of interest issues that have come to light since the WE Charity announcement, and it would have been able to deliver both pay and work experience to students.

Thank you.

• (1225)

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

I believe you have Mr. Howie West with you, who is a work re-organization officer in the national program section, if there are any questions that need to be transferred to him.

Our questioner list is Mr. Cooper, Ms. Dzerowicz, Mr. Fortin and Mr. Julian.

Mr. Cooper, you're up.

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

Thank you to the witnesses.

I'm going to direct my questions to Mr. Aylward.

Just so I understand, putting aside design flaws with the Canada student service grant, it's your position that the public service could have administered this program in a timely manner. Do I understand you correctly in that regard?

**Mr. Chris Aylward:** Yes, Mr. Cooper, absolutely.

I mean, the public service right now administers hundreds of grants, everything from agriculture to scientific research. Certainly, I think we demonstrated very clearly at the outset of this pandemic that we were able to adapt very quickly, as I said, as with the Canada emergency response benefit and how quickly we were able to get that out the door.

I think the public service has proven itself very capable and accountable, and certainly would absolutely have been able to administer this program.

**Mr. Michael Cooper:** Consistent with that, the public service already administers a wide variety of programs targeted at youth. Is that not correct?

**Mr. Chris Aylward:** Yes, it is, absolutely. There are a number of programs for students, and for youth as well, as you pointed out, that are administered within the federal public service.

**Mr. Michael Cooper:** That would include matching youth with not-for-profits. Obviously, the Canada summer jobs program comes to mind.

**Mr. Chris Aylward:** Yes, exactly, and I made reference to that in my statement.

**Mr. Michael Cooper:** What do you say in response to Ms. Wernick's testimony from the other day, in which she said, "The pandemic was also impacting the capacity of the department [meaning ESDC] to provide any form of direct delivery."

What do you say in response to that?

**Mr. Chris Aylward:** I'm not too sure what the basis of that statement may have been. I'm not privy to that.

All I can say is that we have demonstrated throughout this pandemic that the public service certainly is very capable of producing programs and has been able to benefit Canadians in times like this. As I said, I'm very confident that within the public service, this new student service grant would have been administered with very little complexity to it, and certainly with transparency and ease. Again, I just want to reiterate about the accountability of doing it within the public service.

**Mr. Michael Cooper:** In terms of testimony from Mr. Shugart earlier today, he cited reasons for going to a third party and claimed that only WE supposedly had the ability to provide what he characterized as "the full range of services" under the program, including social media, matching database information and connecting with not-for-profits across Canada.

Do you have anything to say in response to that?

• (1230)

**Mr. Chris Aylward:** Of the things you just listed, Mr. Cooper, I can't see any of those not being able to be performed within the federal public service.

**Mr. Michael Cooper:** Okay, and why do you say that?

**Mr. Chris Aylward:** Because they already are. They are already administering such things as the ones you just announced.

**Mr. Michael Cooper:** Okay.

Isn't it the case that the public civil service has actually provided, as you noted, a rapid response to a number of COVID-related procurement projects, and did so with open competition?

**Mr. Chris Aylward:** Absolutely.

We certainly did a very quick turnaround, as I said, on CERB, and the emergency wage subsidy as well. Those two programs were delivered by federal public sectors, seamlessly, I believe.

**Mr. Michael Cooper:** I'm looking at another program, at Innovation, Science and Economic Development. A request for proposals was issued in respect of the economic impact of the pandemic. Proposals were issued, with a closing date of six days; 20 companies submitted bids, and within a few days the winner was announced.

There are many examples, are there not?

**Mr. Chris Aylward:** Again, I can't comment specifically on what you just read.

**Mr. Michael Cooper:** Okay, that's fair enough, but would you say...? I think it's significant; you note that it's three months later and we still don't have a program.

**Mr. Chris Aylward:** Yes, which is obviously.... The only people that is detrimental to, of course, are the students who are relying on this program.

**Mr. Michael Cooper:** I want to turn a little bit now to contribution agreements. Would you say, in your experience, that it would be normal for a contribution agreement of this size, dealing with large amounts of money, to be administered to do this without any kind of competitive process?

**Mr. Chris Aylward:** Well, as I said, when the Prime Minister announced that WE Charity was the only organization capable, and then you look and realize that \$43.5 million was being given to WE to ensure that they were able to administer the program, one would have to question that, absolutely.

**Mr. Michael Cooper:** And you know—

**The Chair:** Michael, could you raise your mike a little bit for the interpreters? That's better.

**Mr. Michael Cooper:** Are you aware of any program of this sort that is provided by way of a third party? You noted in your testimony that to source a \$900-million program out to a third party was unusual. Could you elaborate on that?

**Mr. Chris Aylward:** As I said, this kind of program is already being administered within the federal public service, along with many others as well, so when we saw that this particular one was being contracted out, we had to ask why. Why is this being con-

tracted out? Why should any federal program be contracted outside of the capable, accountable, transparent federal public service?

**The Chair:** Okay, we will have to end that round there.

We'll turn to Ms. Dzerowicz, followed by Mr. Fortin.

Julie.

**Ms. Julie Dzerowicz:** Thank you so much, Mr. Chair.

I want to thank all the presenters for today.

My first question is for Mr. Mandryk.

Mr. Mandryk, would you not agree that, because of COVID-19, the federal government is operating in unprecedented times?

**Mr. Joshua Mandryk:** Yes, of course.

**Ms. Julie Dzerowicz:** Are you aware of many of the federal government emergency programs that have been introduced to help broad groups of Canadians during these unprecedented times, like the CEBA, the CERB and the rent subsidy programs? Are you aware of those programs?

**Mr. Joshua Mandryk:** I am aware of those programs, and I'm aware that students were initially excluded from CERB, and that might have contributed to the rush in having to put this together.

**Ms. Julie Dzerowicz:** Thank you. I wanted to ask those two questions.

We just heard from the Clerk of the Privy Council prior to this panel. We heard that when the student programs were introduced, the \$9 billion, four major programs were introduced and the intention of this government was to provide as much.... Because of how students were disproportionately impacted across this country in different regions, we were trying to provide as many work opportunities as possible, as many opportunities as possible for students to engage in their local communities and support the COVID efforts, as well as to provide as much financial support as possible, because we knew there was a lot of stress about how students were going to be able to pay for their education moving forward.

We heard that the Canada student service program was not meant to be an hourly wage. It was meant to be a grant and was part of a big package during these unprecedented times for us to be able to support our students.

The second thing I wanted to mention was that we heard from Ms. Speevak from Volunteer Canada, who indicated to us that there's a difference of opinion within the non-profit sector about whether grants and stipends should be provided to volunteers at certain times.

The last thing I wanted to mention is that Minister Chagger, in a previous panel, indicated to us that she felt very confident that the bureaucrats who were responsible for the Canada student service grant had ensured proper legal opinion to ensure that everything was set within the law.

I wanted to end, Mr. Mandryk, by indicating a huge thanks to you. You've made a number of recommendations. Our civil servants right now have the program in hand, and I think your recommendations are going to be very helpful.



I want to turn my attention to Mr. Aylward. Mr. Aylward, you can't imagine the heartfelt thanks that Canadians have for our public servants. If there was ever a time when we were so enormously proud, it would be right now. The number of programs they've been able to introduce during these unprecedented times...and most of them not in their offices but from their homes, making do with whatever they have, to do whatever they are possibly able to do. I know there is enormous gratitude from all Canadians.

Mr. Shugart, the Clerk of the Privy Council, just indicated to us that it's absolutely normal for the federal government not to deliver all programs, and that it's very typical and indeed very effective for us to go to a number of non-profits to deliver programs. For example, food security programs are very big in Davenport; the Community Food Centres of Canada would deliver that.

I wonder whether you agree that, in some cases, it is more effective for public servants to work with various non-profits to deliver programs.

• (1235)

**Mr. Chris Aylward:** Certainly, from time to time it probably would be advantageous for the government and for those non-profits to do such work. The oversight of that work still has to be maintained within the public service. I would suggest that what you're saying should be the exception rather than the norm. As I said, why would you want to contract out anything outside the federal public service, the accountable, transparent, capable public service? Normally, with a few exceptions, that work cannot be done more efficiently once you contract it out.

**Mr. Joshua Mandryk:** Mr. Chair, I had about two minutes of statements put to me. I never had an opportunity to respond to them before you turned to another speaker. Can I have an opportunity to respond to the various assertions that were put to me?

**The Chair:** Yes, you can answer, and then we'll give Julie her last question.

Go ahead.

**Mr. Joshua Mandryk:** Thank you.

There was a suggestion that there's a difference of opinion with respect to the payment of volunteers. First, if I were allocating a \$900-million program, I wouldn't want to be resting on a difference of opinion as to its legality. When we're talking about this difference of opinion about whether it's okay to pay volunteers, let's be clear about what we're talking about.

We're talking about Johnny coming into the shelter to help people, and he has to take the bus here. Is it okay if we pay for a bus pass for him or buy him some tokens? Suzie is coming to help us with our charity barbecue. Can we feed her afterwards? Can we give some sort of small token to reward her? We're not talking about it in the scope of giving students \$5,000, at \$10 per hour or less—not these massively structured, sub-minimum wage payments. This is not within the scope of the debate.

• (1240)

**The Chair:** Ms. Dzerowicz, this is your last question.

**Ms. Julie Dzerowicz:** Mr. Aylward, I just want to ask you very quickly.... I don't want Canadians to be left with the impression that

with what was proposed by our excellent bureaucrats in terms of a contribution agreement, whether it's the WE Charity or somebody else, there wouldn't have been proper key deliverables and accountability mechanisms. We've heard from the Clerk of the Privy Council, as well as from other senior bureaucrats, that contribution agreements are absolutely typically done. In this case, it was done in a short time frame, and it was also because there were very specific requirements.

I don't want to leave Canadians with any impression that there would not have been key deliverables and key accountability mechanisms in place. Would you agree that this is the case with the contribution agreement?

**Mr. Chris Aylward:** What I would turn my mind to is this. For any organization, if you say that's the only organization capable of doing this, and then you have to provide \$43.5 million to ensure that this organization is able to deliver that program, that's what I think needs to be questioned.

**The Chair:** Thank you, both.

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

[*Translation*]

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

My question is for you, Mr. Aylward. From everything you've said, I gather that you think Canada's public service would have been able to administer the program. At least, that's your view.

To your knowledge, was anyone asked to provide an opinion on that before the contract was awarded to WE Charity? Were you involved in discussions with members of the Prime Minister's office or cabinet to ascertain whether you were capable of administering the program?

[*English*]

**Mr. Chris Aylward:** There was no consultation at all. I've checked with our members at ESDC. As far as I know, none of our members, anyway, were consulted either.

[*Translation*]

**Mr. Rhéal Fortin:** To your knowledge, had the public service been tasked with administering the program, would there have been enough people available to do the work?

[*English*]

**Mr. Chris Aylward:** I would have to say absolutely yes, for sure, without a question.

[*Translation*]

**Mr. Rhéal Fortin:** I take it, then, that had you been asked to administer the program back in April, chances are good that things would be further along by now, July.

[English]

**Mr. Chris Aylward:** That's exactly the point here. This was decided in April; it was announced in June, and here we are in mid-July and there's still no real, true program. As I said, that's unfortunate. If the public service had been asked in April whether they could do this, I think the answer would have been yes, and I think you would have seen the program well under way by now and students benefiting from this program.

[Translation]

**Mr. Rhéal Fortin:** Thank you, Mr. Aylward.

Now I have a question for you, Mr. Mandryk. You're an expert in labour law and you're well versed in the area of internships and not-for-profit organizations. Correct me if I'm wrong, but I understood from your remarks that you were somewhat sceptical about the idea of paying volunteers for their work, as in this case.

I heard you mention the possible reimbursement of expenses and the giving of gifts. I'd like you to comment a bit further on that. Given your expertise, you don't think it's appropriate to compensate people for volunteering. Do I understand that correctly?

• (1245)

[English]

**Mr. Joshua Mandryk:** I think, generally, payment for work is antithetical to volunteering. When organizations give payments to volunteers or some sort of reward to volunteers, they need to be extremely careful about that. I think the scope of the debate of acceptable sorts of payments, reimbursements or honoraria is about things like giving someone a bus pass, or giving a festival volunteer a pass so they can attend that festival, or in some cases providing very modest honoraria to reflect some folks' expenses. But that's the scope of what the debate range is. It's not \$5,000 payments.

[Translation]

**Mr. Rhéal Fortin:** Let's take the example of someone wanting to lend a helping hand during the COVID-19 pandemic, someone who has a choice between working for minimum wage or more and volunteering for \$10 an hour.

Don't you think the program is a bit counterproductive? Isn't it a disincentive for people to volunteer, encouraging them instead to find paid work, as per the rules in place where they live?

[English]

**Mr. Joshua Mandryk:** Yes, absolutely. I think there's also concern about the displacement effect, where this may be potentially displacing paid jobs. This raises a number of concerns about its impacts on the labour market and on volunteerism.

[Translation]

**Mr. Rhéal Fortin:** Would you say a program like this is counterproductive?

[English]

**Mr. Joshua Mandryk:** Yes, I believe students should have been provided support for paid work, and, if support were going to be given to the charitable sector, a different approach should have been taken. From what I can see and from what I've heard from folks in the sector, this was not what they were asking for.

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

[Translation]

**Mr. Rhéal Fortin:** Mr. Mandryk, since the beginning of April, have you or anyone in the labour law community, from either an association or a not-for-profit organization, been consulted on the implementation of a program like this one? Do you know of anyone in the community who was consulted on the appropriateness of implementing a program like this?

[English]

**Mr. Joshua Mandryk:** I was not consulted by the government. I'm not aware of anyone who was.

If I had been consulted, I would have raised these very serious concerns about the impropriety of this sort of arrangement.

**The Chair:** Thank you, both.

[Translation]

**Mr. Rhéal Fortin:** Thank you, Mr. Mandryk

[English]

**The Chair:** We'll turn to Mr. Julian and then go on to Mr. Cumming.

Peter.

**Mr. Peter Julian:** Thanks, Mr. Chair.

Thanks to our witnesses for being here today. We hope your families are safe and healthy.

I'm going to start with you, Mr. Aylward. Thank you very much to all the public servants across the country, who are doing such amazing work in the midst of this pandemic.

Mr. Aylward, I'll start off with a very simple question. One of the very worrisome aspects of this case is that WE submitted a proposal the same day that it was announced. High-level public servants—Ms. Wernick, in her testimony last week—said that they were unaware of the details of the program, yet WE was able to submit something the very same day it was announced by the Prime Minister.

In your experience with public servants, have you ever seen a case in which an organization submits the very day that the details become public?

**Mr. Chris Aylward:** No. Normally the procurement system doesn't allow for that. Normally it's a very labour-intensive process that you have to go through for any kind of contracting out. There are requests for proposals and all that. This was somewhat unusual, for sure.

**Mr. Peter Julian:** Yes, it provides the same kind of worry or concern that comes up when we talk about insider trading.

Now, none of the testimony we've heard so far suggests that WE would in any way be keeping to privacy laws, accountability, or such things as bilingualism and all of the federal laws that govern what should actually be federal programs.

Is this part of your concern—the issue of accountability and all the laws that govern public servants and our public sector, which don't seem to be involved at all in this sole-source granting of money to WE?

• (1250)

**Mr. Chris Aylward:** Yes, certainly the appearance of that is there, along with, of course, labour standards. If I work more than 100 hours, I'm going to get \$1,000; if I work any more hours than that but less than 200, that is all I'm going to get. As I said in my statement, it's a little bit ironic that the government puts in conditions under the Canada Labour Code for unpaid internships, and yet expects students to basically work for nothing.

**Mr. Peter Julian:** Yes, part of the controversy is around the \$43 million that would have gone directly to WE. We know that the public service has been underfunded. The Phoenix system, for example, is something that should have been fixed years ago and yet the resources have not been put into place to fix the Phoenix system for our hard-working, dedicated public servants.

What would \$43 million mean in terms of actually providing supports to our existing public sector? Second, Canada Summer Jobs is cruelly underfunded. In my neck of the woods and right across the country, we have many positions that people have applied for that can't be met because there's not adequate Canada Summer Jobs funding for students. What should the government have done? Should they have made that decision to invest that money in Canada Summer Jobs, as so many people across the country are saying?

**Mr. Chris Aylward:** Nobody is disputing that students need help at this time. They need assistance. I think everyone agrees with that. I think this money, including the \$43.5 million, could have been much better put towards students, including paying students for work and providing them with not only income opportunities but also, as I said, work experience. Everybody would have benefited from that for sure.

**Mr. Peter Julian:** Thank you very much.

I'm going to go on to Mr. Mandryk.

Mr. Mandryk, you pointed out all of the liability issues. Obviously we're hearing that systematically there was no due diligence done either of the organization or the consequences. How would the federal government potentially be liable simply by having this unfair structure, this exploitation of students, as you've said?

One of the components involved teachers being paid to recruit students. What would the liability in employment law be for the teachers who I suspect would have had to, in some way, get around privacy laws, to contact their students to recruit them for this program?

I guess what we're looking for is the overall liability consequences of pushing ahead with this program without the due diligence being done at any level, it appears.

**Mr. Joshua Mandryk:** Yes, that's another important liability piece to this. The direct agencies that are getting the work could be on the hook as employers. That could be wages over time—things like that—that they'd have to be responsible for. The government could be tied in a number of ways. As I said, it could be a com-

mon employer. As you alluded to, there could be negligence claims potentially. There could be allegations that it was acting as a sort of labour supply company, given its role in acting as the pay master. You raise an interesting and important point about what the potential liability could be for others involved in this. I think that's a real concern and something that this program raises. It adds to the many concerns with the program as structured.

**The Chair:** You can have one last question, Mr. Julian.

**Mr. Peter Julian:** Both you and Mr. Aylward have pointed to the overriding of minimum wage laws. What are the consequences for overriding provincial minimum wage laws that have been set up to protect workers of any age—whether they're students or not—right across the country? What kind of liability and what kinds of legal consequences could be engendered from overriding those minimum standards?

• (1255)

**Mr. Joshua Mandryk:** First of all, it's interesting, in that the federal government here is initiating this program, but these are workers who are under provincial employment standards. Presumably it's the provincial employment standards that would apply. The federal government can't do away with those. These positions have to comply with provincial employment standards. If these folks are found to be employees, these workers would be entitled to minimum wage, overtime, etc. There could also be administrative penalties that could be put in place against those involved. Those vary somewhat province to province. Certainly there are real potential liability issues under provincial employment standards legislation.

**Mr. Peter Julian:** What a mess.

**The Chair:** Thank you, both.

We'll turn to Mr. Cumming and then go on to Ms. Koutrakis, who's sharing her time with Mr. Gerretsen.

Mr. Cumming.

**Mr. James Cumming (Edmonton Centre, CPC):** Thank you, Mr. Chair.

I'll start with Mr. Aylward.

The public service often works with not-for-profits. I don't think anybody here is debating that the not-for-profits do fantastic work in this country. Do you not find it incredibly unusual that a charity like WE—which has a very specific mission and which works in a very specific area—was selected to do a broad-based program with volunteer engagement with students? It strikes me as incredibly unusual.

**Mr. Chris Aylward:** Yes, thank you. I can do nothing but agree with you. When you look at the timing and everything else about this, it is extremely unusual.

**Mr. James Cumming:** Further to that, if they were so equipped to get this done, then why \$40 million...? It was recently announced that they've been laying people off. They've had to hire people to be able to execute the program. I'm just perplexed as to why WE and why not a variety of the other programs that we currently have in place and that you've already spoken to?

**Mr. Chris Aylward:** You are no more perplexed than I am, Mr. Cumming, for sure. It is very perplexing.

As for how this whole thing transpired from the creation in April to the announcement in June, as I said, here we are three months later, and still with really no concrete program in place out there. I would suspect that it's going to be turned over to ESDC to do this program, and that's what should have happened in the first place.

**Mr. James Cumming:** The problem with that now is that it's a little late. It's the middle of July. For the students, by the time you execute on a program—and I believe you have the capacity to do it—there will be very short window. Students are going back to school.

**Mr. Chris Aylward:** It's never too late to make it right. Hopefully, this will be done right and done by federal public sector workers.

**Mr. James Cumming:** It's been shown that many people in government have had some association with WE and the work that WE does, but that shouldn't override the importance of how whoever is selected should be able to deliver a broad-based program outside of their mission. Public servants often will work with the Red Cross or the United Way when they have the capacity to work in whatever their expertise is, and that doesn't look to be the case in this particular situation.

**Mr. Chris Aylward:** I agree.

**Mr. James Cumming:** Okay. Thank you.

Mr. Mandryk, thank you for coming today. Probably like you, I have spent a lot of time volunteering during my career. Again, this looks to me like a program that is completely mis-designed.

Give me a definition. I think you already did to a certain extent. To me, the act of volunteering is volunteering, and this idea of providing a stipend or a grant takes this away from being a volunteer because you're actually paid. Can you just give me a definition for how you would define a volunteer?

**Mr. Joshua Mandryk:** Yes, absolutely. As you said, like you, I volunteer a lot. Just to be clear, volunteering exists. It's something that is important to our society, and I'm not suggesting that.... But like I said, there is a difference between a true volunteer and a misclassified employee.

Unfortunately, there's not really any statutory guidance on this, and many of the cases are old, but generally speaking, there are a few points to it. If someone is volunteering, it's going to be in the advancement of a civic, charitable, religious or humanitarian purpose. I'd also suggest that volunteering is not going to happen for a private for-profit company. As you alluded to, I think volunteers are folks that are performing this work for civic, charitable or other

purposes, without the expectation of remuneration. There are other factors that some of the cases have looked at, such as the extent to which the person performing the service used the arrangement as being in pursuit of their livelihood and the extent to which the agency receives a benefit from their students in terms of looking at how the arrangement was initiated and the power imbalance between them.

There's not a clear outline in law. A lot of these cases are old. They're from before I was born. They're from before the rise of unpaid internships. I think it's an open question as to how a court would address this question right now, but it is a bit of a smell test in figuring out what is a true volunteer. Certainly, when you have a program structure that directly links the payment of money to the hours you work, that, to me, does not look like volunteering.

• (1300)

**The Chair:** Do you have a quick one, James?

**Mr. James Cumming:** Yes.

There's nothing that would stop students if they're on an existing program.... For example, under the Canada emergency student benefit or a variety of other programs within the government, or even if you're under the Canada summer jobs grant, there's nothing to stop you from volunteering. You can still volunteer. You're just not paid for it.

**Mr. Joshua Mandryk:** Of course, and folks should volunteer, and they do. As we heard yesterday from Ms. Speevak, students volunteer at extremely high rates, but what we don't want to see is volunteer misclassification and mistreatment of workers who are being improperly classified as volunteers and being paid subminimum wage rates.

**The Chair:** Thank you, both.

Ms. Koutrakis is splitting her time, and then we go on to Mr. Poilievre.

Ms. Koutrakis.

**Ms. Annie Koutrakis:** Thank you, Mr. Chair.

I want to add my voice to the acknowledgements of the incredible work being done by our public service to quickly and effectively deliver all of our COVID-19 economic response programs.

As everybody knows, all of these programs were designed to help people as quickly as possible and to make sure that no one was left behind. As my colleague Ms. Dzerowicz noted earlier, the Canada student service grant program is one of four such programs, and no one is disputing the fact that the public service is capable of delivering this program.

What we are saying is that, in these unprecedented times, we were looking to help students, charities and their clients during a pandemic and economic collapse, just to put that on the record.

My question is for Mr. Aylward.

There has been some concern that the public service may lack the connections to smaller local charities that WE Charity had. These connections appear to be a primary reason why WE Charity was chosen to deliver the programs. Can you respond to these concerns and comments on how the public service may work around these challenges, given the fact that many public servants are working from home?

**Mr. Chris Aylward:** I think, as you just said, that public servants, including those working from home, are able to deliver these programs seamlessly. I don't know what the basis of your statement is that we don't have the capacity within the public service to reach out to those charitable organizations at the ground level. As has been said by several speakers now, the federal government is constantly working with charitable organizations.

Again, is the capacity there within the federal public service to reach out to those charitable organizations? I certainly believe so.

**Ms. Annie Koutrakis:** What do you say about the many public service employees who may be facing some health challenges, as we've heard, given the workload and the speed that the other programs they are administering had to be rolled out?

**Mr. Chris Aylward:** Absolutely. I think this pandemic, for everybody, has certainly added just a little bit more pressure. Working from home and still having to be very productive and deliver programs, without an opportunity to walk walking down the hall or down a flight of stairs to talk to your co-worker to get a different kind of perspective, is very difficult. A five-minute conversation in the office is now turning into a one-hour video conference, unfortunately. You're absolutely right: I've heard from our members that it is very stressful, that it is extremely stressful, yet they still want to be productive.

I'll just give you an example. When the CERB, the Canada emergency response benefit, was created, the commissioner of the Canada Revenue Agency, Mr. Hamilton—in effect the deputy minister—put out a request for volunteers. He said that he needed volunteers, regardless of what job they were doing, to administer the CERB, and that they were going to be in a call centre environment basically answering questions. He said he needed 1,000 volunteers, and 7,000 employees of the Canada Revenue Agency put up their hands and said they would volunteer to do that work.

Yes, you're right, it is very stressful times for everybody, including federal public sector workers trying to be very productive at home. Federal public sector workers are very proud of and very dedicated to the work they do, absolutely.

• (1305)

**The Chair:** We will go over to Mr. Gerretsen, and we'll likely have time for another question at the end.

Mr. Gerretsen.

**Mr. Mark Gerretsen (Kingston and the Islands, Lib.):** Thanks.

How much time do I have, Mr. Chair?

**The Chair:** You have about a minute and a half.

**Mr. Mark Gerretsen:** Mr. Mandryk, you commented that you thought that the Canada summer jobs program could administer a lot of the funds instead of doing it through this volunteer program.

Do you know if the capacity exists? In my riding we were getting money sent back because businesses literally didn't have the capacity to continue with the program.

**Mr. Joshua Mandryk:** I'd suggest that, for many of these positions, if they look like jobs, they should be treated as jobs.

**Mr. Mark Gerretsen:** You don't know for a fact, then.

I want to touch on something else. You've commented and made your position very clear on this, but did you ever make your the position known, going back to when the government first started talking about the fact that they were going to do this? It was a few months before the whole WE part developed that the government said they were going to be doing this.

**Mr. Joshua Mandryk:** I'm a citizen, so I've—

**Mr. Mark Gerretsen:** Well, no, but I mean, you're—

**Mr. Joshua Mandryk:** —so I guess I've tweeted about it. I've [*Inaudible—Editor*] about this point, but—

**Mr. Mark Gerretsen:** You are fairly active on Twitter and you didn't make a comment to this effect on Twitter, but I do just have one question for you.

On July 11, you retweeted a tweet that said the WE movement “is in the Canadian public schools teaching their corporate-sponsored approved, neo-colonial nonsense to teachers and kids.” I think it's safe to say you're not a fan of WE from the outset. I just want to understand what your position is on WE outside of this, notwithstanding your position on this issue.

**Mr. Joshua Mandryk:** Well, I can—

**The Chair:** I'll give Mr. Mandryk equal time to answer there.

Go ahead, Mr. Mandryk.

**Mr. Joshua Mandryk:** Thank you, Mr. Chair.

I've been very careful today to try not to talk about the WE portion of this, because I don't think that's what my concern is here. There are experts who have spoken about that, the participants involved in that who have spoken about the appropriateness or not of giving this to WE.

I'm actually trying to stay out of that fray, because my concerns go far beyond whether WE administers it or whether the public service administers it. My concerns are really about the core of this program and the issues around the exploitation of students and young workers that it raises, whether it's WE or any organization. Certainly I have my own criticisms of that organization, but these criticisms are separate and aside from this and not what I'm here to talk to you about today.

**Mr. Mark Gerretsen:** Thank you.

**The Chair:** We'll go on to Mr. Poilievre and then Mr. Fragiskatos.

Mr. Poilievre.

**Hon. Pierre Poilievre:** Thank you.

My question is for Mr. Aylward.

First of all, Mr. Aylward, thank you to you and your members for the extraordinary work the public service has done during this pandemic. It is a real testament to their commitment and professionalism. Though we don't always agree with the government's policies, we do commend those who have taken an oath to loyally deliver the programs, and your members have done that, so please give them our thanks.

Are you aware of any federal program that provides students with some compensation for working at non-profits and/or charities?

**Mr. Chris Aylward:** There are a number of programs for students that are currently being administered by the federal public service that do that type of work. I would defer to my technical expert who is with me, my technical resource, Mr. West. If he is on the line, he could provide a better answer to that.

Howie.

**The Chair:** Mr. West, if you're there, go ahead.

**Mr. Chris Aylward:** Okay, maybe Mr. West is not with us. That's okay.

Mr. Poilievre, I can't give you specific programs that would do that, but as I said, I do know there are several programs administered within the federal public service that address student issues.

• (1310)

**Hon. Pierre Poilievre:** Mr. Mandryk, very quickly, are there any programs that come to mind for you?

**Mr. Joshua Mandryk:** Sorry. The question is about programs that pay—

**Hon. Pierre Poilievre:** Are there any programs that basically provide some federally backed compensation or wage subsidy for students to help not-for-profits or charities?

**Mr. Joshua Mandryk:** Yes, some of the existing programs do that. They'll provide subsidies to the not-for-profits and charities for the full value of those young workers' wages in order to hire them as employees.

**Hon. Pierre Poilievre:** What program comes to mind?

**Mr. Joshua Mandryk:** I believe it's the Canada summer jobs program that does that.

**Hon. Pierre Poilievre:** To the best of my recollection, that program has existed for at least 15 years. I've never heard any complaints about it. If the government just wanted to help cover some compensation for young people to help charities and not-for-profits, why not just boost that program?

**Mr. Joshua Mandryk:** That's a great question, and if you do the math on this, it boggles your mind because it seems that the money is there. If you consider the testimony we heard that they were trying to create upwards of 100,000 positions, with up to 500 hours per position, if you paid those folks \$15 an hour, the highest minimum wage in Canada, so these folks would be making at or above minimum wage, that would be about \$750 million. It leaves a

whole lot of money for administration. You could even pay them a bit more than that if you wanted.

It really boggles my mind that it had to be done this way, and it's interesting, because it seems that because they didn't pay these workers properly, so much of this money had to be put into things such as getting teachers to recruit people or getting the agencies to promote it.

I think if you had just paid people a decent wage, you would have avoided a lot of those challenges.

**Hon. Pierre Poilievre:** Does the fact that there are pre-existing programs that are well administered by our public servants and well understood by our charitable sector and that those programs were discarded in favour of this directed contribution agreement suggest to you that this entire \$912-million contribution agreement was really created for the benefit of the WE Charity, rather than the WE Charity getting involved for the benefit of students?

**Mr. Joshua Mandryk:** I can't comment on that. I don't know the answer to that. All I can say is that, as I said earlier, I'm not sure why the program was structured the way it was when it seems there could have been other options, such as simply paying these workers a fair wage within the existing funding envelope.

**Hon. Pierre Poilievre:** Right.

Is this my last question?

**The Chair:** This is your last question, Pierre.

**Hon. Pierre Poilievre:** At this point, Mr. Aylward, would you suggest on behalf of your members that this money just be directed to some sort of extended version of the Canada summer jobs program so that students can get some wage assistance to help charities and not-for-profits? Would that be a decent off-ramp, from a public policy point of view, given where we're at?

**Mr. Chris Aylward:** Yes, for sure—or simply turn this program over to ESDC.

**Hon. Pierre Poilievre:** Right. I think you make perfect sense. I was the minister over there for a time, and I remember they had programs that they administered just like this. They could very easily do it again.

Thanks very much. All the very best.

**The Chair:** Thank you, both.

We'll turn to Mr. Fragiskatos and then Ms. Gaudreau. I think we'll be able to get through the complete list of questioners.

Elizabeth, you want on. You will have time later.

Mr. Fragiskatos.

**Mr. Peter Fragiskatos:** Thank you very much, Mr. Chair. How much time do I have?

**The Chair:** You have five minutes.

**Mr. Peter Fragiskatos:** Thank you very much.

Thank you to our witnesses.

Mr. Mandryk, you made reference earlier to the fact that under legislation—as we know, employment standards are largely looked at at the provincial level—we don't really have an understanding of what constitutes a volunteer. For example, I'm in Ontario. The Employment Standards Act of 2000 was passed in the Legislative Assembly of Ontario. It does not really define what a volunteer is. However, the policy and interpretation manual does. It does offer a distinction.

Do you have any thoughts on that distinction?

**Mr. Joshua Mandryk:** Yes. I made some reference to some of the factors that some of these older cases have looked at. The Ontario policy and interpretation manual cites a few cases from before I was born. They're before the rise of unpaid internships and they're before the statutory response to unpaid internships. It's not clear to me that the same response would be given now.

Certainly, when you have compensation being given to individuals on an hourly basis that's directly tied to their work, that raises serious red flags about whether it's true volunteering.

• (1315)

**Mr. Peter Fragiskatos:** Let me just quote directly from the interpretation manual. It says as follows: “One of the key factors in determining whether there has been a true volunteering of services...is the extent to which the person performing the services views the arrangement as being pursuant to his [or her] pursuit of a livelihood”.

At any point did you see, in the description of the Canada student service grant, the government advertise this as a job?

**Mr. Joshua Mandryk:** I actually was surprised by the carelessness in some of the government's communications regarding this program. If you look at the announcement that was put out on June 25, it did talk about, you know, their getting a.... I don't have the exact words, but it did seem to talk about how this was coming up because students were having trouble finding jobs, and—

**Mr. Peter Fragiskatos:** Mr. Mandryk, I don't mean to interrupt you, but my time is limited.

I'm quoting directly from the interpretation manual, the manual that interprets the Employment Standards Act in the province of Ontario. At any point did you see, in the program description of the Canada student service grant, the program described as a job, one that students could rely upon for their livelihood?

**Mr. Joshua Mandryk:** No—

**Mr. Peter Fragiskatos:** Okay. Thank you very much.

**Mr. Joshua Mandryk:** —but it was clear that it was because students were doing this to get the money and because there was a crisis for jobs and financial security for students happening right now. Students who did it would be doing it to get \$5,000, so that's—

**Mr. Peter Fragiskatos:** Let's take it one step—

**The Chair:** Peter, we'll let Mr. Mandryk finish first.

Go ahead. Is your answer complete?

**Mr. Joshua Mandryk:** Yes. Thank you.

**The Chair:** Okay.

Go ahead, Peter.

**Mr. Peter Fragiskatos:** Let's take it one step further. In fact, in the way that the program eligibility is described, students who are receiving the Canada emergency student benefit, which offers as much as \$2,000 under that benefit, are eligible. In addition, students who are employed are also eligible for the Canada student service grant.

I think this is important, and I know this is your area of expertise. Obviously, I'm not an employment lawyer, but it's clear that the interpretation manual clearly identifies a distinction between an employee and a volunteer. That distinction is the one that I have read. That is the key criterion in outlining a difference between the two.

In my time remaining, Mr. Chair, I'd like to ask Mr. Aylward a question.

Mr. Aylward, I forget which of my colleagues it was—it could have been Ms. Koutrakis—who raised the question about the public service, asking your view specifically about the public service being best-placed, as you put it, to offer administration of the program. But this wasn't just a program that was meant to advertise a volunteer opportunity to student volunteers and to charity and not-for-profit organizations. The aim was to train volunteers. The aim was to make sure that they had the training they needed so that they could go straight away into helping organizations on the front lines of the COVID-19 response.

WE, as we've heard already at this committee, has an enormous network. They have a tie to 2.4 million students and to 7,000 schools right across the country.

I put that to you, because in the context that we're in during this pandemic, public servants have been shouldering an incredible burden doing such a great job, but working from home, administering so many different programs and tending to all sorts of needs.

Is it really unreasonable to think that a third party with such an enormous network could be relied upon to carry out the administration of this program?

**Mr. Chris Aylward:** I'm not going to speak to the capacity of WE Charity. I can't speak—

**Mr. Peter Fragiskatos:** The public service did not have that capacity. Isn't that right?

**The Chair:** Mr. Fragiskatos, Mr. Aylward will have to take time to answer.

**Mr. Peter Fragiskatos:** Okay.

**Mr. Chris Aylward:** Thank you, Mr. Chair.

Contrary to what you just said, there is capacity within the federal public service, absolutely.

Unless somebody can demonstrate to me why the Prime Minister made that statement, that WE Charity was the only organization able to carry this out, then I'm sorry but I will refute what you just said, and say quite plainly that, absolutely, within the federal public service, there is the capacity to carry out this student service grant.

**Mr. Peter Fragiskatos:** The public service had the capacity, in the middle of COVID-19, to train perhaps close to 1,800 students to be volunteers so they could get immediately placed in our organizations. Is that what you said?

• (1320)

**Mr. Chris Aylward:** There is certainly capacity within the public service to have done that, to have reached out to organizations on the ground.

**The Chair:** Okay, we will have to end it there.

**Mr. Peter Fragiskatos:** I disagree.

**The Chair:** It wouldn't be the first disagreement we've had at this committee, Mr. Aylward or Mr. Fragiskatos.

Ms. Gaudreau, you have about three minutes, and then Mr. Julian, the same.

[Translation]

**Ms. Marie-Hélène Gaudreau:** All right, Mr. Chair.

I'd like to spend my three minutes talking to you, Mr. Lapointe. You're an expert in governance. You're the president of NFPOFocus and you used to be CEO of Katimavik. You've written two books and you teach at the Université de Montréal. Given all of that experience and Mr. Mandryk's comments, I'd like to hear your opinion.

This initiative to help young people was described as being counterproductive, in terms of both the organization and delivery. I'd like to hear your take on that.

**Mr. Daniel Lapointe:** It is true that the way the program is being implemented gives rise to some unintended consequences. The first issue that was raised has to do with paying people for volunteer work. That could undermine the spirit of volunteering and the efforts of all not-for-profit organizations to encourage volunteer involvement in the community and the country, as a whole. The way it works, the amount of time a person volunteers is tied to a lump sum payment.

As you mentioned, during my career, I've headed both Canadian and Quebec associations. Right now, I'm a consultant, teacher and book author. As a consultant, I'm in contact with a lot of organizations in Quebec, and the COVID-19 pandemic virtually crippled their operations.

They aren't fully able to meet the demand, in other words, taking on volunteers, training them and providing them with everything a volunteer experience should.

**Ms. Marie-Hélène Gaudreau:** Mr. Lapointe, given your Canada-wide expertise, did the government consult you to see what you thought?

**Mr. Daniel Lapointe:** No.

**Ms. Marie-Hélène Gaudreau:** I see.

What would you have suggested to the government in terms of what it should have done? You have 20 seconds to answer.

**Mr. Daniel Lapointe:** Basically, I would've suggested working with outside parties. That's routinely how Canada does it, by the way.

Ten years ago, when I was at the helm of Katimavik, I was one of those outside parties. What makes this unique is that such a huge program is being entrusted to an organization—WE Charity—that doesn't have all the necessary expertise. The organization was in the midst of forming strategic alliances with other organizations to acquire all the expertise it needed to deliver on the program objectives. That's an admission that, internally, it doesn't have all of the expertise. That's what I find surprising.

**Ms. Marie-Hélène Gaudreau:** Thank you, Mr. Lapointe.

[English]

**The Chair:** Thank you both.

We'll go to Mr. Julian.

To finish up, we'll have Mr. Barrett, Mr. McLeod, Ms. May and Mr. Gerretsen, and then we will have time for one more official opposition member in there somewhere.

Mr. Julian.

**Mr. Peter Julian:** Thanks, Mr. Chair.

I must say, I'm a little dismayed by some of the attacks against witnesses. I thought Mr. Gerretsen was being quite inappropriate in his comments.

I will also reply to Mr. Fragiskatos by mentioning that on July 9, the Durham Radio News noted, in an article entitled "YMCA and WE say hundreds of volunteer jobs on government website were mistakenly posted after miscommunication error", the following:

There are hundreds, maybe thousands, of student volunteer jobs that may not even exist and they're being advertised on a government website. They were posted when the WE charity was administering the \$900-million dollar federal aid program....

The YMCA says those positions were created by the WE Charity and they never agreed to host them.

There are constant references to jobs involved in this scandal.

Mr. Mandryk, have there been cases where employers have tried to get the employees to volunteer their services and then, subject to litigation, have been told that is not something they can do?

Also, in one word how you would describe this debacle with all the liability issues and the lack of due diligence that we see as we uncover the layers of this onion? Do you have one word that sums up your reaction to this program?

• (1325)

**Mr. Joshua Mandryk:** I think you hit the nail on the head; it's a mess.



As I mentioned a bit earlier, there are older cases involving volunteer misclassification. I'm aware of some arbitration cases from maybe 10 years back where a company tried to get its employees or outside individuals to volunteer and it was found to be bargaining unit work. I'm not aware of a case like this where there's this large-scale, highly structured program where we're talking about millions and millions of potential hours of work at \$10 an hour, or even less. I don't think this sort of program is contemplated by past cases dealing with volunteering, because this to me seems very clearly to be a problematic arrangement.

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

What we don't know is who is driving this: the whole lack of due diligence, the massive amount of money involved, the fact that students would benefit less than if the investments were made in Canada Summer Jobs instead. The more we ask questions, the more I think additional questions come up in this absolute debacle.

Mr. Aylward, I'd like to come back to the issue of contracting out. The fact that we have professional members of the Public Service Alliance of Canada ready and willing to implement such a program, who already have the procedures in place and who already know the protocols and how to proceed, what is the impact when the federal government contracts out such a massive program, a billion-dollar program, without any due diligence at all and without any due regard to minimum wage laws, to labour standards, all of the things we're talking about today?

**Mr. Chris Aylward:** It's demoralizing to the members. It's demoralizing to the employees when they see that sort of thing happening. Would it have caused job loss? No, I wouldn't go so far as to say that. But still, to see work that is currently being done, very similar work, being contracted out is demoralizing for federal public sector workers for sure. There's obviously a priority there with the type of work.

**The Chair:** We're back to five-minute rounds.

We have Mr. Barrett followed by Mr. McLeod.

**Mr. Michael Barrett:** I want to start by thanking Mr. Aylward and his members.

With respect to the administration of the Canada summer jobs program, in my riding of Leeds—Grenville—Thousand Islands and Rideau Lakes, I can tell you that the program was oversubscribed. It was launched late due to a government announcement, and with all the challenges of COVID-19, there were a lot of moving pieces. A record number of employers were approved, and we were absolutely flooded with applicants who were interested in applying. Unfortunately, the funds for the program were exhausted, and all of the approved employers did not receive placements, much to the disappointment of folks in my community, both on the prospective employee side and on the employer side.

There are great challenges that exist with respect to filling employment positions, so I appreciate your testimony, Mr. Aylward.

I'm going to turn to Mr. Lapointe for my first question.

There are public reports, including an interview with the managing director of Charity Intelligence, that detail the sudden resigna-

tion or replacement of the board at the WE organization. In your experience in this sector, is that unusual?

• (1330)

[Translation]

**Mr. Daniel Lapointe:** Would you mind repeating your question, please, Mr. Barrett? I wanted to switch to the French channel so I could answer, and I missed what the interpreter was saying. My apologies.

[English]

**The Chair:** Perhaps you could refer to the question part again, Michael. There was a problem with translation.

**Mr. Michael Barrett:** To Mr. Lapointe, there are public reports, including reporting on an interview with the managing director for Charity Intelligence, that detail the sudden resignation or replacement of nearly the entire board at the WE organization. In your experience, is this unusual?

[Translation]

**Mr. Daniel Lapointe:** If that information is true, meaning that the entire board of directors resigned, it's indeed unusual and worrisome. It's certainly something to keep an eye on and would be subject to scrutiny, given that the board of directors has a dual role. It has a strategic role, of course, but it also has a fiduciary role. There are certain expectations of stability and expertise of a board of directors, to ensure the organization has proper governance.

It's rare and worrisome to see an entire board of directors resign collectively or, rather, simultaneously, since it wasn't necessarily coordinated.

[English]

**Mr. Michael Barrett:** Thank you.

When you look at the governance model for not-for-profits, does that model typically include a for-profit arm and a not-for-profit arm of the same organization, under which the not-for-profit pays the for-profit for services?

[Translation]

**Mr. Daniel Lapointe:** The model whereby a charitable organization has a non-charitable arm does exist and is seen from time to time. I would point out, however, that the non-charitable organization isn't necessarily for profit. In other words, it could be another not-for-profit organization with commercial operations aimed at fundraising for the charitable arm.

I don't bring this up to muddy the waters, but is Me to We a profit-oriented enterprise? I don't know. All I'm saying is that it's fairly rare to see a profit-oriented enterprise closely associated with a charitable organization. What is more common is a non-charitable not-for-profit organization with close ties to a charitable organization.

[English]

**The Chair:** We'll give you time for a quick question, Mr. Barrett.

**Mr. Michael Barrett:** My last question is again for Mr. Lapointe.

For not-for-profits and their influencing of public policy, would they generally register as lobbyists?

[*Translation*]

**Mr. Daniel Lapointe:** The Lobbying Act stipulates that, when lobbying constitutes a significant part of a person's duties, that person has to register. If they are making submissions to government officials, it doesn't matter whether they work for a profit-oriented enterprise or not. I was at the helm of not-for-profit organizations, and as CEO, I was registered as a lobbyist.

• (1335)

**Mr. Michael Barrett:** Thank you.

[*English*]

**The Chair:** Thanks, both of you.

We're turning to Mr. McLeod, who will be followed by Elizabeth May.

**Mr. Michael McLeod (Northwest Territories, Lib.):** Thank you, Mr. Chair.

I think it's important to remember that this program came about out of a need to assist the students. When the pandemic hit, there were so many concerns raised about not being able to help the students as they work towards saving some money to go back to school in the fall. We also heard a lot from not-for-profit organizations that wanted to provide services and didn't have a lot of people to call on. That includes some of the indigenous governments in the communities.

I think this was a good program. The idea behind it was great: to deal with two issues that were challenging us. As an MP, I certainly raised a lot of concerns with the ministers. It's unfortunate and regrettable that these placements are now on hold. We're at July 21 and there's a possibility that we may not see either these programs or these concerns dealt with.

I certainly agree with Mr. Cumming that we're running out of time. I really share that concern. To this day, I am still getting calls from the communities in my riding or for help to access some of the programs that we have announced. We are very limited in terms of public service in the northern communities. We have Service Canada offices, but a lot of times they're very busy. Our territories are still in the lockdown. We don't have offices for the federal government in every community. There are limits on travel. It's very difficult to access programs.

I'm hearing from municipalities and I'm hearing from community leaders that we need to create more positions to deliver these programs. I also heard very clearly from Gina Wilson, the deputy minister who presented at an earlier committee meeting, about how public servants were working around the clock to implement the programs. She listed a whole slew of programs that we've announced. There is a concern about members of her staff facing concerns about health. As people work from home we're starting to see a backlog on the delivery of programs, and I think outsourcing is a way to get it resolved. I see programs that were announced and are

being delivered by the United Way and the Red Cross. They're out there. It's happening.

I'd like to ask Mr. Aylward if he agrees and if he knows what Gina Wilson was talking about and how public servants are being challenged to deliver the many programs that were announced. That's my first question.

**Mr. Chris Aylward:** Thank you, Mr. McLeod.

I mean, yes, absolutely, I would agree with you, as I have with other speakers, that workers are under a tremendous amount of pressure during this time, for various reasons, of course.

On the statement that there's a backlog of programs that can't be delivered, I'm not too sure what the premise of that statement would be. I'm not aware of any backlog of programs that federal public sector workers have failed to deliver. As I said earlier, on the contrary, because of the programs that were necessary to introduce because of the pandemic, I think the public sector workers have delivered certainly very much on time the programs when Canadians needed them the most. If the member is saying that there's a backlog of programs, as I've said, I'm not aware of the premise of that statement at all.

**Mr. Michael McLeod:** Yes, thank you for that response.

Maybe you could come and visit us in the north and see what our reality is. We have a great public service in the north, but the north is big. There are quite a few communities, and they're spread out and they're remote, so it takes a lot of effort a lot of times to make sure everybody's able to access programs.

I know many leaders in communities are raising the concern that they can't access some of the programs, and I've heard, including from you, that people have stepped up to volunteer to answer phones and more. I'm not sure what training has happened in light of that need for people to help this public service to evolve and for people to move into different positions.

Can you elaborate on how that's happening and how that's taking place?

• (1340)

**Mr. Chris Aylward:** Yes, absolutely. Thank you, and the north is my favourite part of this country, Mr. McLeod.

Let me make it very clear. We represent over 15,000 workers in the north, including, of course, the governments of Northwest Territories, Yukon and Nunavut. I've visited the north many times, and as I said, it's my favourite part of the country. Being a Newfoundlander and Labradorian, that's difficult to say, but there you go, I've said it.

To answer your question though, specifically, yes, our members are under pressure for sure, and many have volunteered to do work that they cannot do at home because of their job description, and they've agreed to do work outside of their job description. They've certainly agreed to step up and do work outside their normal working hours.

Many of our members have said, “I have small children at home because of the closure of schools and day cares and so on, and I can't work my normal eight to four or seven to three. I can start work, though, at 4:30. That's when my partner is available to take care of the kids, so I can start work at 4:30 and work through the evening.” As I said earlier, they want to be productive, and many of the members of the Public Service Alliance of Canada have gone and continue to go above and beyond what they're asked to do for Canadians in this time.

So absolutely, yes, they're doing different duties from what they would normally do to assist Canadians, and they're certainly working outside of the core hours because they're unable to work the core hours. So absolutely, everything that they can possibly do to be productive—

**Mr. Michael McLeod:** Can I just ask you, before I run out of time, is it your expectation that the public service will deliver the program now as it was expected to be delivered by the WE Charity with a full range of services to promote, to match people with services and to create partnerships with other organizations? Can the public service provide the level that we were expecting?

**The Chair:** We are out of time, Michael, but we'll allow an answer.

Go ahead, Mr. Aylward.

**Mr. Chris Aylward:** Nobody has convinced me otherwise, Mr. McLeod.

**Mr. Michael McLeod:** All right, thank you.

**The Chair:** I do think it is interesting with people working the different hours and working from home that productivity has increased. I think there are some lessons learned here, Mr. Aylward, going forward that we need to pay attention to. I guess that's what I'm thinking.

Ms. May has five minutes and then Mr. Gerretsen has five, and we'll wrap it up there, unless there's a burning question from someone.

Ms. May.

**Ms. Elizabeth May (Saanich—Gulf Islands, GP):** Thank you, Mr. Chair, and it's my first opportunity to weigh in on the topic du jour of our WE scandal.

I want to first of all thank the public service for all the work over the last number of months. It's been extraordinary. My own personal frame on this is that the WE scandal is troubling, but when you think about all the things that were rolled out and the pace at which they were rolled out, inevitably there was going to be one major, giant snafu, and this is it, and it's at an ethics level, it's at a program level, it's at a lot of different levels. However, I want to set it aside because I think, as a sometime guest to the finance committee, I want to concentrate on what we do now with the urgency that the days of summer are dwindling. How do we get the jobs for students?

Although I'm very supportive of the public service and would love to ask Mr. Aylward more questions, and I may get time to do that, I want to go to Mr. Mandryk.

Let me go back to the Canada summer jobs program. Several of my colleagues in committee have said they didn't know whether there was capacity. I'll share my own experience and then ask you for a response.

I've talked to my colleagues in the Green caucus, Paul Manly and Jenica Atwin. We all estimated unfunded possible jobs at a large number. For instance, we had employers who asked for 16 positions over the summer but were granted four because of budget constraints, or they asked to have students for eight weeks but there was only money for four weeks.

In our back-of-the-envelope estimates, each of us would have about half a million dollars' worth of existing approved employers in the Canada summer jobs program and the potential to get those students those jobs fairly quickly.

You've already said you favour using the Canada summer jobs program. In terms of delivering jobs for students, could you suggest whether there is anything comparable to the Canada summer jobs program at this last moment? Are any of the issues of concern that you raised about the proposed WE Charity approach—whether the jobs are real, whether there are any employment issues—issues that you've seen at all with Canada summer jobs?

• (1345)

**Mr. Joshua Mandryk:** As others have suggested, we're starting to run out of summer. In terms of time for students to get into these positions, there are limits on what we can do now.

I can't speak to individual employment issues across countless positions. I have no doubt that there are some, but I also hear lots of great stories about the success of the program and the opportunities it gives the young folks. I think that if we're going to put money towards supporting students and giving them work opportunities, it ought to be through those existing programs that support paid jobs, that comply with employment standards and that help advance the careers of these young folks.

**Ms. Elizabeth May:** Can you think of any way in which the Government of Canada...?

I'm a big fan of volunteers. I come from the NGO sector. I was a volunteer most of my life. I still do volunteer gigs now and then on various things when people need volunteers. I was mostly a volunteer through my twenties, in the work I was doing in the environmental movement, and through my thirties. Then I ended up running a big national environmental organization in which we relied on thousands of volunteers. I love the idea of promoting volunteerism.

Can you think of any way in which at this point we could have a program that was compliant with employment laws that encouraged young people to volunteer and that provided some form of acceptable recognition, shall we say, as opposed to salary?

**Mr. Joshua Mandryk:** Yes. I think the government can encourage volunteering all it wants. I think a program of this type, in which it mandates it in exchange for compensation and ties it to hours, is deeply flawed, and that the way this program can be salvaged will not be through continuing with these positions as volunteer positions.

I'd also add that there are other ways in which the charitable NGO sector could be supported. Ms. Speevak spoke to some of those last time. This was not, from what I can see, what most of the folks in the sector were calling for. They were calling for different support.

**Ms. Elizabeth May:** I just hope we can all focus on what we do for students now and that our normal partisan instincts of beating up or shooting fish in a barrel during a scandal can be set aside at least long enough to make sure that students get jobs.

Thank you so much.

**Mr. Joshua Mandryk:** Thank you.

**The Chair:** I don't think there's an answer to that one.

Mr. Gerretsen is next, and I believe Peter Julian has a final question.

Mr. Gerretsen.

**Mr. Mark Gerretsen:** Thank you, Mr. Chair.

Given what Mr. Julian said earlier, I want to take the opportunity, Mr. Mandryk, to apologize, if you thought that I was coming across as too aggressive, as Mr. Julian indicated. The reality is that I was just trying to understand whether you had a formed opinion on WE outside of this particular issue.

Did you want to add anything to make sure you have the opportunity to set the record straight on that?

**Mr. Joshua Mandryk:** No, I can handle the rough play here.

Just to clarify, my concerns with this program, those that I've spoken about today, are about deep, fundamental structural flaws with the program that go beyond whether WE was involved in it or not. These are what I've tried to focus on today. They are what the government needs to focus on in order to try to fix and salvage this program.

**Mr. Mark Gerretsen:** That's fair enough.

When I asked you earlier why you didn't say anything before, you said, "Well, I'm a regular citizen." That's fair enough. You're also an expert in this field. You're on the standing committee of Parliament for finance.

**A voice:** Well—

**Mr. Mark Gerretsen:** I'm sorry, you're here as a witness at the standing committee.

**Mr. Joshua Mandryk:** Thank you for clarifying that.

**Mr. Mark Gerretsen:** I'm curious why you didn't take the position before when the government announced a few months ago that they were going to roll out this program.

**Mr. Joshua Mandryk:** Well, it looks as if your staffers have scrolled carefully through my Twitter. I didn't—

**Mr. Mark Gerretsen:** That was me.

**Mr. Joshua Mandryk:** Maybe I could go back and find some of my tweets about this point, but in the past weeks I've spoken with a number of journalists about this. I was very happy to take the opportunity to participate here. I've talked with colleagues and others.

I'm also a very busy lawyer who has a practice, and I work 55 hours a week during the pandemic.

There are all sorts of reasons.

**Mr. Mark Gerretsen:** That's fair enough.

**Mr. Joshua Mandryk:** I'm here now for the questions you have, sir.

**Mr. Mark Gerretsen:** That's great.

I think that information would have been so much more relevant earlier on for our finance committee to consider, regardless of whether it was WE or another organization.

Mr. Aylward, I want to add my voice to the chorus of people who are singing the praises of our public service.

The reality of the situation is this, sir. We went from the World Health Organization declaring a global pandemic to having money in the bank accounts of 5.4 million people in a month and four days.

The reality is you can have all the politicians come up with all the great ideas they might have, but if you don't have such a dedicated public service willing to work overtime, willing to do what's necessary to deliver on that, the program would have never happened. Politicians come and go, but our public service is the backbone and their institutional knowledge helps to deliver that, so thank you. Please, I hope you share with the public service the position that I believe all committee members have on this.

Why do you think the senior public service management made the decision that outsourcing was the only option?

• (1350)

**Mr. Chris Aylward:** Mr. Gerretsen, I can't answer that in a very honest way.

All I can tell you is that I've checked with our members at ESDC to see if anybody there was consulted and, to my knowledge, nobody there was spoken to about a new program and do we have the capacity, can we do this, how effective, how efficiently we can do this? That wasn't discussed with any of my members, to my knowledge anyway.

Why that decision was made, I can't answer. It's a question I've asked as to who made the determination that we don't have the capacity within the federal public service to deliver this program.

**Mr. Mark Gerretsen:** As a lesson I learned, I guess you're saying that we need to make sure that question is asked in the future.

**Mr. Chris Aylward:** I believe so, just as it should have been asked during the introduction of the Phoenix pay system, where the union and the workers should have been—

**Mr. Mark Gerretsen:** As you would know, Kingston and the Islands has a lot of public servants, and we are very familiar with that program.

Thank you very much, Mr. Chair.

**Mr. Chris Aylward:** Thank you, Mr. Gerretsen. I know you have met with many members of the PSAC, and I thank you for that.

**Mr. Mark Gerretsen:** Thanks.

**The Chair:** Thank you both.

Turning to the last round, it will be Mr. Julian who will wrap it up.

[*Translation*]

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

My last questions are for you, Mr. Lapointe. We talked about the fact that the program was not at all in keeping with the applicable federal legislation, mainly in the areas of privacy, transparency and official languages—all of which are respected when the public service is responsible for a program.

When a program is contracted to an organization outside the public service, what would you say the consequences are for bilingualism, privacy and transparency, things that usually govern the spending of public money?

**Mr. Daniel Lapointe:** In my experience, contribution agreements, those voluminous contracts the government enters into with an independent entity, whatever the organization may be—which I, myself, have signed—normally address those statutory and regulatory elements you referred to. That means the organization to which the work is being contracted out has an obligation to comply with the legislation.

Now, to be clear, I don't know more than anyone else about the content of any agreement that may have been negotiated with WE Charity. I have no knowledge of that. Nevertheless, generally speaking, that's how contribution agreements usually work.

**Mr. Peter Julian:** The problem is that we, ourselves, don't know. We've asked for the information, of course. This is our second meeting on the issue. A few days ago, we learned that no process was carried out to verify the information, so it will be helpful to know what was agreed to.

Thank you, Mr. Chair, for allowing me to ask one last question.

Mr. Lapointe, do you agree with those who have raised concerns about young people being exploited? The program does not offer minimum wage or adhere to labour standards, both of which are in force across the country.

• (1355)

**Mr. Daniel Lapointe:** Those are important considerations, yes, but even before you worry about that, the most important thing to consider, right off the top, is the disconnect between the program and the definition, or the spirit, even, of volunteering. Students are receiving non-token payments in compensation for a certain number of volunteer hours.

I've headed several organizations that relied on the support of a large number of volunteers. As others have mentioned today, occasionally, volunteers receive some form of compensation as a token gesture. It might be free coffee, an annual event or something of that nature. Therefore, I would say, even before you look at the program through the legislative lens and the indirect effect of bypassing labour laws, you should consider that compensating people for volunteering is, from the outset, at odds with the principle of volunteering. It doesn't matter that the compensation is in the form of \$1,000, \$2,000 or \$5,000 lump sums.

**Mr. Peter Julian:** Thank you.

[*English*]

**The Chair:** We thank you for that.

I certainly want to thank all the witnesses for coming today and taking the time to answer our questions. I know that you're all busy people in these times. Certainly, there were some disagreements, but I've always found that disagreements often lead to better public policies, so there isn't a problem with having some disagreements, at least before this committee.

I'll just give a heads-up for members. Tomorrow will be a bit of a different day in that we will have a regular meeting from 12 p.m. Ottawa time to 2 p.m. Then we will suspend for an hour and have Mr. Morneau from 3 p.m. Ottawa time to 4 p.m. I understand that he has to be at question period, I think, from 2 p.m. to 3 p.m., but in any event, it will take us four hours to do three hours of meeting. That's not efficient, I guess, but it's what it will be.

With that, thank you, all, once again. We'll see you tomorrow.

The meeting is adjourned.





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