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Chair: Mr. Robert Kitchen



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• (1535)

[English]

The Chair (Mr. Robert Kitchen (Souris—Moose Mountain, CPC)): I call this meeting to order.

Welcome to meeting number 26 of the House of Commons Standing Committee on Government Operations and Estimates.

The committee is meeting today from 3:34 p.m. to 5:34 p.m. We will hear from the Auditor General and her colleagues as part of the committee's study on the government's response to the COVID-19 pandemic.

I would like to take this opportunity to remind all participants at this meeting that screenshots or taking photos of your screen is not permitted.

To ensure an orderly meeting, I would like to outline a few rules to follow.

Interpretation in this video conference will work very much like a regular committee meeting. You have the choice at the bottom of your screen to floor, English or French. Before speaking, please wait until I recognize you by name. When you are ready to speak, you can click on your microphone icon to activate your mike. When you are not speaking, your mike should be on mute. To raise a point of order during the meeting, committee members should ensure their microphone is unmuted and say "point of order" to get the chair's attention.

The clerk and the analysts are participating in the meeting virtually today. If you need to speak with them during the meeting, please email them through the committee email address. The clerk can also be reached by calling his mobile phone. For those people who are participating in the committee room, please note that masks are required, unless seated, and when physical distancing is not possible.

I will now invite the Auditor General to make her opening statement.

Ms. Karen Hogan (Auditor General of Canada, Office of the Auditor General): Mr. Chair, thank you for this opportunity to discuss our recent reports on the government's response to the COVID-19 pandemic, which were tabled in the House of Commons on March 25.

Joining me today are Jo Ann Schwartz, Philippe Le Goff, Carol McCalla and Chantal Richard, the principals who were responsible for the audit.

The reports presented were the first of many audits on the government's response to the COVID-19 pandemic that my office will conduct. There is no doubt the COVID-19 pandemic was an all-hands-on-deck emergency the world over. Governments had to mobilize quickly to respond to the public health, social and economic effects of this pandemic. Canada was no exception.

[Translation]

While we found that the government was not as ready as it could have been for a pandemic of this magnitude, the public service mobilized, prioritized the needs of Canadians and quickly delivered support and services.

I am going to turn first to the Canada emergency response benefit. With this benefit, the government wanted to quickly deliver financial support to eligible individuals. We found that the Department of Finance Canada, Employment and Social Development Canada, and the Canada Revenue Agency rose to the challenge and quickly analyzed, designed and delivered the Canada emergency response benefit.

To simplify the process and get support to people quickly, Employment and Social Development Canada and the Canada Revenue Agency took the approach of relying on personal attestations and automated pre-payment controls to validate applicants' eligibility. Once the benefit was launched, they introduced additional pre-payment controls to limit potential abuse.

[English]

With the decision to rely on personal attestations, post-payment verification becomes very important. Employment and Social Development Canada and the Canada Revenue Agency are working to start their post-payment verification efforts relating to the Canada emergency benefit later this year. Their work in this area will be the subject of a future audit.

Turning now to the Canada emergency wage subsidy, we observed a similar focus on getting help out quickly, in this case, to businesses. Once again, the Department of Finance Canada and the Canada Revenue Agency worked together within short time frames to support the development and implementation of the Canada emergency wage subsidy.

The design and rollout of the subsidy highlighted pre-existing weaknesses in the agency's system, approaches and data. These weaknesses will need to be addressed to improve the robustness of Canada's tax system.

[Translation]

To prioritize issuing payments, the Canada Revenue Agency chose to forego certain controls that it could have used to validate the reasonableness of subsidy applications. For example, the Agency decided that it would not ask for social insurance numbers, though this information could have helped prevent the doubling-up of applications for financial support. This decision limited the Agency's ability to perform pre-payment validations, as did the absence of complete and up-to-date tax information that would have helped it efficiently assess applications.

I am going to now turn to our last audit, which focused on pandemic preparedness, surveillance, and border control measures. In this audit, we found that the Public Health Agency of Canada was not as well prepared as it could have been to respond to the COVID-19 pandemic. Not all emergency and response plans were up to date or tested, and data sharing agreements with the provinces and territories were not finalized.

● (1540)

[English]

The Public Health Agency relied on a risk assessment tool that was untested and not designed to consider pandemic risk. The agency continued to assess the risk as low despite growing numbers of COVID-19 cases in Canada and worldwide. In addition, the global public health intelligence network did not issue an alert about the virus that would become known as causing COVID-19.

I am discouraged that the Public Health Agency of Canada did not address long-standing issues, some of which were raised repeatedly for more than two decades. These issues negatively affected the sharing of surveillance data between the agency and the provinces and territories during the pandemic. While the agency took steps to address some of these problems during the pandemic, it has much more work to do on its data-sharing agreements and its information technology infrastructure to better support national disease surveillance in the future.

We also found that the Public Health Agency of Canada and the Canada Border Services Agency implemented restrictions at the border and quarantine measures. They provided guidance and tools to inform travellers and essential workers coming into the country of public health requirements.

[Translation]

However, the Public Health Agency of Canada had not contemplated or planned for a quarantine on a nationwide scale, from the collection of travelers' information through to all enforcement activities, including following up on those identified to be at risk of non-compliance. As a result, the Agency doesn't know if the majority of travelers properly quarantined.

These audits looked at programs that were rolled out in record time. Faced with a pandemic, the public service focused on the pressing outcome: helping Canadians.

[English]

In its first year, this pandemic has shown that when the public service must, the public service can. This crisis has highlighted the importance of dealing with known issues, whether it's agreeing on

which organization has the lead, who will do what when and who will report what to whom, or replacing outdated systems or processes and addressing issues in data quality. These are not problems that you want to have to deal with at the same time as you are focusing on helping people, because this is not an efficient way of working, nor is it a productive way to serve Canadians.

Government organizations need to do collaboration better. We made recommendations to each audited organization. They agreed with all of them.

Mr. Chair, this concludes my opening statement. We would be pleased to answer any questions the committee may have.

Thank you.

The Chair: Thank you, Ms. Hogan. I appreciate your comments.

We will now start into some questioning.

We will start with Mr. Paul-Hus for six minutes.

[Translation]

Mr. Pierre Paul-Hus (Charlesbourg—Haute-Saint-Charles, CPC): Thank you, Mr. Chair.

Good afternoon, Ms. Hogan.

My first question concerns the Minister of Health. Since March 2020, we've frequently heard that quarantine measures at the border are strict and among the toughest in the world. However, your report reveals that the Public Health Agency hadn't contemplated or planned for a nationwide quarantine, including the monitoring of persons identified as being at risk of not complying with quarantine. You also say that the agency doesn't know whether travellers properly quarantined.

Then are we to understand that the Minister of Health is boasting of measures that aren't really being enforced? Is she merely playing politics while nothing's actually working the way it should?

Ms. Karen Hogan: May I speak, Mr. Chair?

[English]

The Chair: Yes, please.

[Translation]

Ms. Karen Hogan: I believe the minister made her comments after the period covered by our audit.

In our audit, we examined the measures in place at the border from early January to June 30. There were a lot of travellers during that time, at the start of the pandemic, and many Canadians were coming home because the border was about to close. Our audit really focused on that period. I can't tell you whether, following our audit period...

• (1545)

Mr. Pierre Paul-Hus: I can confirm that either Minister Blair or Minister Hajdu said at the time that we had the best control measures in the world. I understand that your assessment was conducted last year, but we were told the same thing during that period.

The minister also said—I don't know exactly when—that she had hired 1,000 additional personnel to assist Health Canada. However, we understand that the systems were obsolete, that the equipment didn't work properly and that the computer systems were too old to transmit the information.

How can those 1,000 people work if we don't have the equipment? Are they entering data manually? We know that forms were being completed manually in the airports and then forwarded elsewhere to personnel who had to input the information manually.

Do you know how the information is compiled?

Ms. Karen Hogan: I don't know where those 1,000 people who were hired by the Public Health Agency of Canada are working or exactly what they're doing.

We found during our audit that many processes had been performed manually at the start of pandemic. Here are two examples.

First, at the border, travellers' information was forwarded in paper format, and that's why the Public Health Agency of Canada experienced delays in monitoring travellers.

Second, health information was exchanged between the provinces and territories and the federal government. The process wasn't done manually, but rather electronically in various and incompatible formats. Agency employees had to do a lot of copying and pasting to gather all the information and establish an overview of the situation across the country.

Mr. Pierre Paul-Hus: Coordination between the Department of Health and the provinces was precisely the subject of my next question.

You say in your report, "Of the individuals considered to be at risk of non-compliance, the agency referred only 40% to law enforcement..."

Of the thousands or millions of individuals who received the order to quarantine for 14 days, we know, having verified it—you mention this in your report—that 46% didn't comply with it. We also recently learned that Quebec had not been informed of it. No one told Quebec authorities, "Here's the list of people to monitor, and you'll have to go and call on them if we call you."

Quebec's minister of public safety mentioned that her government was unaware of the order.

Are you confirming that there was no coordination on this during the audited period? Perhaps the provinces served by the Royal Canadian Mounted Police, the RCMP, operated differently, but we don't have the RCMP in Quebec.

So is that the case?

Ms. Karen Hogan: Given the lack of traveller monitoring at the border, we found that the Public Health Agency of Canada was ac-

tually unable to show us that two thirds of travellers had complied with mandatory quarantine requirements.

The mandatory quarantine measure has been in place since March 25. Quarantine was on a voluntary basis until then.

All travellers were assessed based on risk. The names of those deemed to be at high risk of non-compliance with quarantine requirements were referred to law enforcement. We found that only 40% of those persons had been put on the lists. There again, the agency hadn't followed up with law enforcement to determine whether officers had in fact verified those individuals. That's why we said the Public Health Agency of Canada didn't show that two thirds of travellers had in fact complied with mandatory quarantine requirements or that quarantine was effective.

Mr. Pierre Paul-Hus: In short, then, the information was provided and people were trusted, but there was no subsequent monitoring or control.

Thank you, Ms. Hogan.

• (1550)

[English]

The Chair: Thank you, Mr. Paul-Hus.

We'll now go to Mr. Jowhari for six minutes.

Mr. Majid Jowhari (Richmond Hill, Lib.): Thank you, Mr. Chair.

Thank you, Madam Hogan and your colleagues, first of all, for the testimony today as well as the great work you are doing.

Madam Hogan, you opened your testimony by saying that, in general, Canada didn't seem to be ready, or PHAC didn't seem to be ready, for the pandemic. Have you had an opportunity to look at other jurisdictions in the G7 or G20 to see how their performance has been as far as their readiness and whatever you put under the readiness column, whether it's surveillance or support mechanisms for the economy, individuals and businesses, as well as health and safety. How do we compare against them?

Ms. Karen Hogan: I'll give you a bit of a summary very quickly of the four areas where we felt that the Public Health Agency of Canada was not as prepared as it could have been to respond to a pandemic.

First would have been that emergency and health plans were outdated and, more importantly, the federal, provincial and territorial plan had not yet been tested.

Second, we noticed there was a long-standing agreement between the provinces and territories and the federal government about sharing health data surveillance. That agreement had not even been finalized, and in fact the infrastructure needed to handle the volume of all that had not yet been updated.

Third, we noticed that the agency was using a risk assessment tool that was not designed to be used to consider pandemic risk.

Finally, as we just mentioned, the agency had not planned nor contemplated enforcing a mandatory quarantine across the nation.

Mr. Majid Jowhari: Thank you.

Those are the areas of opportunity for us to enhance, and I saw that in your recommendations—specifically point 8.51, 8.65 and 8.66.

However, the question fundamentally was whether any other country was ready for this pandemic, and when it came in they were 100% there and all their policies were there. I'm trying to figure out how we fared, and just answer quickly because I want to go into the three recommendations you made.

Thank you.

Ms. Karen Hogan: Absolutely. I apologize. I'll try to go more quickly.

Normally we would compare ourselves to other countries. As you can imagine, in the middle of the pandemic, it was really a difficult thing to do. What we did look for, though, was whether or not Canada was following some of the best practices according to the World Health Organization, and some of our findings were that they weren't. I don't think any country was prepared for this type of a pandemic. I do think everyone could say that.

Mr. Majid Jowhari: That's fair. Thank you very much.

In your recommendation 8.51, you are specifically saying:

The Public Health Agency of Canada should, in collaboration with its provincial and territorial partners, finalize the annexes to the multi-lateral agreement to help ensure that it receives timely, complete, and accurate surveillance information from its partners.

Can you specifically highlight some of the key areas that, in your opinion or in your department's opinion, were missing and what their impact was on our government's response during the first wave and the subsequent second and third waves? I understand that this report only focuses on the first wave but, based on your observations, what was the impact of those key areas that were missing? If you could highlight them, that would be great.

Ms. Karen Hogan: Absolutely.

When it comes to the sharing of health data—and I might turn to Chantal Richard in case I miss something—what was needed in those annexes was getting a common understanding of the types of elements that would be shared and how and in what format they would be shared.

As you can imagine, every disease might have different peculiarities, but basic things like the timeline in which you report—in this case it was decided that reporting was needed every 24 hours—and agreeing on that...because we noted that provinces and territories likely were having difficulty meeting that because very few of the reports came in within that time frame.

We also found that only 10% of the files from the provinces and territories contained important information like symptoms. In an evolving disease, symptoms are needed to inform the response of the country and whether and not it needs to be adjusted.

It's having that basic understanding of who has what role and responsibility, what information should be transmitted and how it should be transmitted, in a timely way.

What happened here is that we saw the Public Health Agency, with the provinces and the territories, adjusted throughout the pandemic to what they were capable of doing. The end result was that it delayed the federal government's ability to assess and better inform the response to the pandemic. It's not that they weren't able to eventually gather all the data. It's just that there were a lot of delays in putting it all together and seeing a global picture.

• (1555)

Mr. Majid Jowhari: What you're suggesting is that, had we had these in anticipation, the Government of Canada would have been able to respond better as far as supporting the provinces is concerned. Is that what I'm hearing?

Ms. Karen Hogan: I don't think anyone would be able to say what would have happened if we had been better prepared, but obviously, if you've ironed some of this out, you're not doing it on the fly, in the middle of responding to a pandemic as well.

Mr. Majid Jowhari: Okay.

You talked about the long-term pan-Canadian health data strategy. Can you take the 10 seconds I have left to talk about what you mean by that strategy?

Ms. Karen Hogan: Just because it's quick, maybe I'll ask Chantal Richard to jump in and give you some of those extra details.

The Chair: Ms. Richard, you can do so very quickly, please.

Ms. Chantal Richard (Principal, Office of the Auditor General): I would just say that the pan-Canadian data strategy is meant to incorporate the information-sharing pieces but also the IT infrastructure, and having those systems speak to one another so that the information is shared more readily as well. The strategy would cover both of those elements.

Mr. Majid Jowhari: Thank you, Mr. Chair.

The Chair: Thank you.

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

[Translation]

Mrs. Julie Vignola (Beauport—Limoilou, BQ): Thank you very much, Mr. Chair.

Thank you, Ms. Hogan, and thanks as well to the members of your team, for being with us again. Since I always read your reports with great interest, I hope to learn how the various systems that constitute our democracy can be improved.

According to your report, on May 11, the Canada Revenue Agency introduced an automated control to cross-check its information with employment insurance information, particularly regarding suspicious applicants. The agency told you it had previously been impossible to do that because it would have delayed the payment of benefits.

Did the agency tell you exactly to what extent it would have delayed the payment of benefits?

Ms. Karen Hogan: Are you referring to the Canada emergency response benefit or the emergency wage subsidy?

Mrs. Julie Vignola: I'm talking about the Canada emergency response benefit.

Ms. Karen Hogan: All right, thank you.

The government requested applicants' social insurance numbers for the Canada emergency response benefit. The decision was made not to cross-check information initially in order to expedite individuals' access to payments. It took about a week after the benefit was launched for that control to be put in place. Officials in the departments and the Canada Revenue Agency estimated that double payments amounting to \$500 million were paid during that week. That's why the post-payment audits are extremely important.

Mrs. Julie Vignola: Yes, the agency said it would be able to trace some of those overpayments based on 2020 tax returns.

However, will the same process be used to detect people who committed fraud and those who stole personal information so they could file an application, or will the agency use another recovery system?

Ms. Karen Hogan: Based on our current discussions with the agency, it will be the same process. It's the post-payment verification process that'll determine whether the agency mistakenly made a payment or whether individuals claimed a benefit when they were ineligible to do so. It will also help determine whether payments were made to people who filed applications knowing they were ineligible; in other words, individuals with bad intentions. That could constitute fraud.

That will all be clarified during the post-payment audits, which will start after the current tax season.

• (1600)

Mrs. Julie Vignola: Earlier you said that businesses that received the emergency wage subsidy were not required to provide their employees' social insurance numbers.

Is it possible that some of the employees who received the emergency wage subsidy also took advantage of a loophole to obtain the Canada emergency response benefit?

Ms. Karen Hogan: Yes, the emergency wage subsidy could be used to pay the salary of an employee who receives the Canada emergency response benefit. After the two programs were launched, a change was made to the CERB so that claimants could earn \$1,000 in salary over a four-week period without losing their benefits.

Businesses could file subsidy applications in connection with the salaries they were paying their employees. In that case, we're talk-

ing about the \$1,000 that businesses paid their employees. So the two subsidies could have been paid in respect of a single employee.

However, one of the two is paid directly to the business. It provides indirect financial support to an employee, whereas the other benefit provides direct support to that employee. You have to distinguish between the two measures. The emergency wage subsidy is paid to the business, whereas the Canada emergency response benefit goes directly to the individual.

Mrs. Julie Vignola: On April 15, an ESD representative said that the employment insurance IT system was 50 years old. So it was created before the democratization that was brought on by the Internet. That's a long time ago.

Does that obsolete system—alone or together with other factors—explain the number of data breaches that resulted in fraudulent applications for the CERB and the Canada emergency student benefit, the CESB? Young people, 18 years of age, in my riding came into my office in tears because their identities had been stolen.

Ms. Karen Hogan: You're right in saying that the system that Employment and Social Development Canada used to implement its employment insurance program is really obsolete. That's why the department couldn't handle the number of applications received for the Canada emergency response benefit and asked the Canada Revenue Agency for help.

However, the identity theft and fraud problems aren't necessarily related to the obsolete system. I don't know whether you can make that connection because the government has introduced many measures to control access to systems. It's the way every department manages access to its database that has an impact on access, not the obsolete condition of the database itself.

[English]

The Chair: Thank you.

Thank you, Ms. Vignola.

We'll now go to Mr. Green for six minutes.

Mr. Matthew Green (Hamilton Centre, NDP): I'll welcome Ms. Hogan, whom I've had the privilege of working with quite closely on public accounts. I'm one of the few MPs who have the privilege of going back and forth between these two committees.

I want to open up my line of questioning in a way that is respectful. This is certainly not going to be any kind of "gotcha", but I need to address some inconsistencies that I have experienced between the reporting and the testimony at public accounts and the reporting and the testimony we're having here. I'm going to try to do it in such a way that it's clear, to allow you and your staff to think about how this might be perceived in the public.

I think about the questions that are critical in any audit or in any reflection on work that is this serious: What did you know? When did you know it? Also then, what did you do about it?

You may recall that on April 13, in a line of questioning that I had to Ms. McCalla, we were talking about the ways in which both provincial and federal modelling and our surveillance systems quite frankly failed to identify through PHAC that there was an issue for the pandemic.

I asked whether there was international modelling based on experiences in places like China that would have predicted the outcome. Ms. Hogan put the question to Ms. McCalla, who stated that the risk assessment is called for in PHAC's pandemic plan and that the WHO did issue a pandemic risk announcement and called attention to the risk of COVID-19 for the global community. However, we found that, at that time, PHAC did not update its risk assessments and did so only in mid-March at the direction of the chief public health officer.

I responded, "Then there was an alert. We were alerted to this in advance."

Ms. McCalla responded, "There was an alert by the WHO, yes."

I then responded, "My God."

I would like to ask Ms. McCalla, through you, Mr. Chair, when that initial World Health Organization alert came to PHAC.

• (1605)

Ms. Carol McCalla (Principal, Office of the Auditor General): Thank you for the question.

In that response, I was referring to the public health emergency of international concern, a PHEIC, that was issued by the WHO, on January 30, 2020. In issuing it, the WHO recognized that the risk assessment was very high for China and high at the global level.

Mr. Matthew Green: Then it took us all of February and into March to move on it.

Through you, Mr. Chair, let me ask Ms. Hogan this. In doing your analysis, when you came before us both at the original committee meeting and today you stated that the agency relied on a risk assessment tool that was not tested and that the agency continued to assess the risk as "low", despite the growing numbers of COVID cases in Canada and worldwide. You stated that in addition, the global public health intelligence network did not issue an alert about the virus that would become known as causing COVID-19.

Can you help me understand the timeline from January 30, when the WHO let us know that this is a significant problem, and how that alert would have differed or have been related to our systems that weren't tested and to the understanding that there was no global public health intelligence network alert? How does that global public health intelligence network alert differ from the WHO's alert in its seriousness?

Ms. Karen Hogan: I'm going to probably back you up a little bit in time, but I want to make sure that we understand what happened on January 30.

We have an exhibit in our report, exhibit 8.1, that outlines a whole bunch of steps. I think it's a really good place for you to see a bit of the timeline. There are a lot of moving parts.

At the end of December 2019, the global public health intelligence network issued a daily report. As you might recall—and only because the member sits on another committee—the global public health intelligence network issues two kinds of report: an alert and a daily report.

There was a daily report at the end of 2019 that contained a link to an article about a virus that would then become known as the virus causing COVID-19. That daily report alerted the chief public health officer of Canada that she needed to reach out to her provincial counterparts and tell them that there was something serious going on. She did it, based on that daily report, but also based on the knowledge she had of what was going on around the world.

On January 15, the federal, provincial and territorial public health response plan kicked in, which caused special committees to get together to start to talk about the response domestically across the country.

January 30, which is what Ms. McCalla was referring to, was when the World Health Organization declared this a public health emergency of international concern. That's when they said that everyone needed to pay attention internationally, that this was a really big deal.

At that point, in January, there started to be risk assessments done by the Public Health Agency. All of those risk assessments—from mid-January, when the response plan was kicked in, all the way until March—had the risk of COVID-19 to Canada set as "low", until the chief public health officer stepped in and said that, based on what she was seeing going on around the world and her discussions with her counterparts, it really should be much higher.

This is where we say the risk assessment tool was not designed to consider pandemic risk.

Now, throughout all of this, the global public health intelligence network never issued an alert, which is the second type of report it could issue. An alert signals domestically and internationally that there's something for you to stop and pay attention to on a health matter across the world.

• (1610)

The Chair: Thank you.

Ms. Karen Hogan: I see a difference between the daily report and the alert.

The Chair: Thank you, Ms. Hogan.

We'll now go to the second round. We'll go with Mr. McCauley for five minutes.

Mr. Kelly McCauley (Edmonton West, CPC): Thanks, Mr. Chair.

Ms. Hogan, welcome back.

You noted in your opening remarks that the government introduced added controls to limit potential abuse of CERB. What were these added controls, and were they strong enough? In your role as the Auditor General, would you have added different controls?

Ms. Karen Hogan: Your question is about the Canada emergency response benefit. Prior to the issuance of a payment, there were some basic controls in place that would look at whether or not—

Mr. Kelly McCauley: Specifically, you noted in your opening statement that the government introduced added controls. What were those added controls and did you view that they were sufficient?

Ms. Karen Hogan: The first added control was the one that prevented the double application between CERB that was managed from the Canada Revenue Agency and CERB that was managed through Employment and Social Development Canada. There were other controls that were added to make sure that if you received the student benefit, you were not also receiving the Canada emergency response benefit. Those were, I guess, the overall big ones. They were policy decisions—

Mr. Kelly McCauley: They weren't significant—

Ms. Karen Hogan: No—

Mr. Kelly McCauley: It was still based on attestation, though.

Ms. Karen Hogan: Absolutely. There was a policy decision made that they would favour post-audit or post-payment verification.

Mr. Kelly McCauley: I understand that. The question, though, is about introducing controls at the beginning or perhaps, after a month or two, not basing it on self-attestation. Would it not be more efficient to do that sooner rather than wait for an after-the-fact launching of audits of the benefits paid out?

I recognize that at the very beginning we had to do stuff immediately, but it has been an entire year now. Should we not have perhaps taken it away from self-attestation faster or linked it to social insurance numbers or other more verifiable things faster?

Ms. Karen Hogan: I think that, when it came to the Canada emergency response benefit, it was intended to be rather a short time frame. It was extended a few times, but that program is done now.

Mr. Kelly McCauley: Could we have not—

Ms. Karen Hogan: If you're looking at the wage subsidy, I would argue—and we found in our report—that there were some instances where controls could have been introduced, but a decision was made that a focus would be put on post-payment.

Mr. Kelly McCauley: Let me ask you this. You use the word “could” a lot. We “could” have done better dealing with the pandemic and we “could” have done this. Would the better word not be “should” from your point of view? We “should” have introduced this. We “should” have done this. The government “should” have done this as opposed to “could”...? “Could” is very open to interpretation, I guess.

Ms. Karen Hogan: I guess many of my statements are encouraging the federal government to collaborate better amongst departments and to collaborate better with provincial, territorial and mu-

nicipal governments, because we should do better the next time a pandemic or a health crisis happens.

Mr. Kelly McCauley: Okay.

Have you looked at what the cost would be of potential abuse or—I don't want to say the word “undeserved”—of perhaps an ineligible receiving of benefits because we're doing things after the fact?

You commented in your report about a very large amount of money being sent for wage subsidies to companies that are deep in arrears for owing GST and other issues. They're going to be bankrupt. Therefore, those are not going to be paid back. What do you think is the total exposure for the Canadian taxpayer for the fact that we're doing things so far after the fact instead of perhaps adjusting as we go?

Ms. Karen Hogan: We have not looked at the cost or the potential cost of this. That is why, in both of our audits on the Canada emergency response benefit and the Canada emergency wage subsidy, we indicated that we will be doing another audit. Our next audit will look at those post-payment controls, at whether or not they are designed properly and effective. At that opportunity, we'll have a chance to look at some of the potential costs that might impact the government.

Mr. Kelly McCauley: Paragraph 6.27 of your report on page 7 says that “the department considered social, economic, and health and safety” info to design the program, referring to CERB. I'm wondering how you came up with that—“the department considered social, economic and health and safety”—because one of the items that came out of the CERB was two-thirds of a billion dollars being paid to 15-year-olds and 16-year-olds living at home.

I'm trying to figure out what social and economic design went into a program to pay 15-year-olds and 16-year-olds two-thirds of a billion dollars, when perhaps that money could have been used for long-term care centres or procuring more vaccines or probably for other areas needing resources.

• (1615)

Ms. Karen Hogan: I might see if Jo Ann Schwartz, who was the principal on the audit, would like to add something. Here, really, the eligibility criteria to earn CERB was that you had to have had income of at least \$5,000—

Mr. Kelly McCauley: No, I recognize that, but you made a statement that the department considered social and economic info to design the program. What made you come up with the determination that they considered these issues?

Ms. Karen Hogan: Maybe I will turn to Jo Ann, then, and have her answer that more detailed question.

Mr. Kelly McCauley: I guess we're out of time. Maybe you could provide it in writing.

The Chair: Ms. Schwartz, if you provide an answer to the committee, that would be greatly appreciated.

Thank you.

We'll go now to Mr. Kusmierczyk for five minutes.

Mr. Irek Kusmierczyk (Windsor—Tecumseh, Lib.): Thank you very much, Mr. Chair.

Thank you very much, Ms. Hogan, for your excellent work and your excellent response today. I think all of us are committed to strengthening our responses and are always looking to do better and to support Canadians better during these challenging times.

The central goal of the CERB was to get funding into the hands of Canadians as quickly as possible to help them through COVID and to allow them to be able to isolate at home, hence protecting their health and the health of their families, and also to reduce the stress on the health care system.

About eight million Canadians received the CERB, and most people received their payment within three to five days of applying. Was the federal government successful in its intended and central goal of getting funding into the hands of Canadians as quickly as possible?

Ms. Karen Hogan: What we found in the audit on the Canada emergency response benefit was exactly that, that the government prioritized the speed of getting payments to individuals in order for them to either stay home or to help replace income they may have lost because of the pandemic. It was also meant to address individuals who might not normally have been eligible for EI but whose hours or jobs may have been cut or reduced; hence, it would help to keep them in a stable economic situation.

What we found in the audit was that the program was rolled out rather quickly. It now will be up to the post-payment work to see whether or not all of the individuals who received the funds were eligible to do so.

Did the government do it quickly? Yes. What we saw was that it was designed and launched in record time compared with other policies when they're newly rolled out and implemented.

Mr. Irek Kusmierczyk: The CERB was, as we heard today, administered by two organizations, ESDC and the Canada Revenue Agency. We also heard today, of course, that the IT system underpinning EI is 50 years old and that it's extremely difficult to operate and to introduce changes.

What does the fact that eight million applications were able to be processed so quickly tell you about the strategy or the system that was deployed, this bifurcated system where you had the CRA and ESDC delivering CERB to Canadians? Was that the right decision?

• (1620)

Ms. Karen Hogan: I guess I would quote myself and repeat a statement I made in my opening statement. It demonstrates that, when the public service must, the public service can.

There was really a focus on providing service to Canadians. Employment and Social Development Canada recognized that its IT system wasn't going to be able to handle the volume of applications that was coming in, and they reached out to the Canada Revenue Agency for support. Together they were able to meet the needs.

I think it just shows that, when we have that service mindset and we don't tend to focus too much on process, something important can be achieved. I think that's what we saw throughout the pandemic in many departments across the federal public service.

Mr. Irek Kusmierczyk: Would you agree that it demonstrated just how quickly the public service can respond and how flexible and creative it can be in those solutions?

Ms. Karen Hogan: Absolutely. I think I would say that it wasn't always perfect, but it definitely was the best everyone could do in the situation we were in.

Mr. Irek Kusmierczyk: We know that about five millions Canadians utilized the wage subsidy during this time. One of the stated goals was to keep Canadian workers connected to the workforce during the pandemic.

Canada has recovered about 75% of the jobs lost during the peak of the pandemic, and the economy rebounded better than that of many of our peer countries. This is what economists are saying. In fact, the Conference Board of Canada is forecasting 5.8% growth in 2021.

How important to Canada's recovery was the wage subsidy in keeping workers connected to the workforce?

Ms. Karen Hogan: In our audit on the wage subsidy, we looked at the design and the rollout of the program and really didn't look at whether or not it was meeting those end of pandemic type goals. Perhaps that's something we can consider looping into our next audit, but we were really looking at whether or not it was designed in a way to help encourage and maintain that employer-employee relationship, and also to help businesses be prepared when the economy reopens and moves forward.

What we saw was that some businesses—and I think everyone across the world can say this—fared rather well during the pandemic, some not so well and some failed. That analysis will have to be done later on by another organization, or perhaps by us.

The Chair: Thank you, Ms. Hogan.

Ms. Karen Hogan: Thank you.

The Chair: We'll now go to Ms. Vignola for two and a half minutes.

[*Translation*]

Mrs. Julie Vignola: Ms. Hogan, with regard to the emergency wage subsidy, I read in the report that the agency didn't always have the most up-to-date information on file to assess applicants' incomes. In particular, it states that 19.6% of a total of 1,741,919 applications were manually reviewed, that only 0.4% of applications were disallowed and that 0.4% of applications were approved and reduced.

If all applications had been manually reviewed, would those percentages be the same or larger?

Ms. Karen Hogan: I'm going to give you a partial answer and then ask Mr. Le Goff to supplement it.

When we reviewed our sample—you're referring to the table in our report—we found that not all grant applications had been disallowed as a result of insufficient information. There was indeed a lack of information, but something suspicious was usually involved. It wasn't necessarily because of the application.

Too much information was missing. To verify income, for example, the agency needed GST returns, but many businesses hadn't yet filed their GST returns. That's because they only had to do it once a year or else because their returns were late. Our audit showed that a lot of tax information was late or missing.

Mr. Le Goff, would you like to add to my answer?

• (1625)

Mr. Philippe Le Goff (Principal, Office of the Auditor General): The next audit will definitely help clarify the number of applicants who were ineligible. The figures you have are based solely on the controls in place at the time the applications were filed.

Mrs. Julie Vignola: We can also see that—

The Chair: Pardon me, Ms. Vignola, but your time is up.

[English]

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

Mr. Matthew Green: Thank you.

Going back to the notion of preparedness, I'm wondering in your audits what consideration you gave to the handling of the national emergency strategic stockpile. When can we expect the completed audit to come back to this committee on that issue?

Ms. Karen Hogan: During our audit on procuring personal protective equipment and medical devices, we are looking at the management of the national emergency strategic stockpile. Right now our expectation is to table that report in the House of Commons, with another report about support to indigenous communities, which includes personal protective equipment and other medical staff for indigenous communities, both at some point near the end of May.

Mr. Matthew Green: Assuming that will be the completed version of it, what consideration did you give it in these audits, or did you leave it separate? In auditing the government's preparedness what consideration and analysis did you give the failure of the national emergency strategic stockpile?

Ms. Karen Hogan: Given the scope of the pandemic preparedness and border control audit, we decided to scope out the national emergency strategic stockpile and really cover it in our personal protective and medical device report that will be coming out in May. We did not consider it in this one.

Mr. Matthew Green: Thank you.

The Chair: Mr. Green, you still have another minute.

Mr. Matthew Green: I've had the pleasure of being in front of Ms. Hogan.... Who's doing a great job, by the way. I'll take my minute to say that for the number of times I've seen her up in front of committees having to work through this pandemic, it's has been exemplary. Her staff always come with really candid information.

I'll just state in my closing comment that I think the bulk of this report is pretty concise in the way that it outlines the government's lack of preparedness in very obvious ways. Hopefully, we've learned these lessons and hopefully we don't see a fourth and a fifth wave.

The Chair: Thank you, Mr. Green.

We'll now go to Ms. Harder for five minutes.

Ms. Rachael Harder (Lethbridge, CPC): Thank you.

I believe you stated earlier, Ms. Hogan, that the risk assessment tool was "not designed to consider pandemic risk." In your report, you outline the fact that daily reports were granted, but a risk assessment wasn't given.

The risk assessment tool was not designed to consider pandemic risk. Is that correct?

Ms. Karen Hogan: That's correct.

I want to clarify that the daily reports came out of the global public health intelligence network and the risk assessments are something separate.

The risk assessments did not consider forward-looking information. They weren't designed to consider a pandemic. They were really designed to consider, once the virus is here, how it might spread within Canada, but not whether or not the virus might come to Canada and then how it might spread across the country. It's that forward-looking nature that was missing.

Ms. Rachael Harder: Is there something designed to assess the risk of...coming to Canada?

Ms. Karen Hogan: Yes, I believe the World Health Organization actually has a recommended tool to use for pandemic preparedness and pandemic-type forecasting. That tool wasn't used. The one used by the agency was for a point in time, not with a forward-looking assessment.

It does exist.

Ms. Rachael Harder: When it comes to the pandemic and the virus being in Canada and how we respond to it, you acknowledge in your report that since 2009 and the H1N1 pandemic, the Public Health Agency of Canada further developed plans to guide a response to the pandemic.

In your estimation, were those plans followed?

Ms. Karen Hogan: As I mentioned earlier in responding to another question, I believe that on January 15, the federal-provincial-territorial response plan sort of kicked in, which informed the response. That plan had not ever been tested. The testing of a plan is really important in order to identify gaps and weaknesses and to overcome obstacles.

We might consider it a bit of a tabletop thing that no one really thinks is important to help you be better prepared. It was that plan that guided the response.

• (1630)

Ms. Rachael Harder: Inadequate work was done, then.

You outline in your report that it had been shelved, that it needed to be regularly updated, that all of the plans that were put in place needed to be tested, that they needed to be looked at frequently and that this wasn't done. You go on to say that daily reports were issued, but no alert was given.

You talk about how, “Although the agency prepared rapid risk assessments, these did not consider the pandemic risk of this emerging infectious disease or its potential impact”, which is “information necessary to guide decision makers on the public health measures needed to control the spread of the virus.”

Why weren't these things done? They're a part of the plan. They're a part of the things that were discussed in 2019 in our response to H1N1. Why didn't it happen here? Whose orders were those, that this information be neglected?

Ms. Karen Hogan: All the items that you outlined are all things that should be used to guide the department's, the agency's and the country's response to the pandemic. A risk assessment tool and the global public health intelligence network issuing daily reports and the alerts are just signals to help guide what the response should look like.

I think every pandemic might have a different response. What we highlighted in our audit was that there were so many known weaknesses—that these things had not yet been tested or had not been updated or agreements between provinces and territories had not been addressed—that the agency knew for many years. We—

Ms. Rachael Harder: I understand. My question is very direct. Who gave the order to say that we wouldn't follow protocols that were developed in 2009?

Ms. Karen Hogan: The plan—

Ms. Rachael Harder: Why was the playbook shuttled?

Ms. Karen Hogan: The federal-provincial-territorial response plan was used to guide the response. It's that it had not yet been tested. We followed alerts.

Ms. Rachael Harder: We followed the guidebook. This is the guidebook.

Ms. Karen Hogan: We only stopped looking as of June 20, but as I said earlier, I don't believe any country was well prepared for a pandemic of this length.

Ms. Rachael Harder: From January to June 20, the guidebook was followed.

Ms. Karen Hogan: To some degree, yes. There were areas—

Ms. Rachael Harder: No, not to some degree. I'm asking you a very direct question. Your responsibility as Auditor General is to answer my question, not protect the government. Let's be very clear here.

Ms. Karen Hogan: I am being very clear that on January—

Ms. Rachael Harder: Was it followed, or was it not followed?

Ms. Karen Hogan: On January 15 the federal-provincial-territorial response plan was activated, and it guided the response that the government took.

There were weaknesses in that response, because there had not been agreements between the provinces, territories and federal government on how they might share information and how that information would be used. Hence, the response could have been faster, and that's what we noted in the audit. Yes, the plan was used.

The Chair: Thank you, Ms. Harder and Ms. Hogan.

We'll now go to Mr. MacKinnon for five minutes.

[*Translation*]

Mr. Steven MacKinnon (Gatineau, Lib.): Thank you, Mr. Chair.

I'd like to begin with a few words about what just happened. I feel that the member from the riding of Lethbridge was very rude. It's worth pausing to think about how she has just treated the Auditor General by accusing her of protecting the government. I want to condemn it.

Good afternoon, Auditor General. I'm pleased to see you again today. I'd particularly like to thank you for the work you've accomplished. We are going through a rather unusual series of events that governments around the world are having to deal with. It might be déjà vu, but it seems like a long time that we've been caught up in a series of events like this. The pressures on supply chains and on our health systems are only a few of the aspects involved.

It's important to find the weak points in the system, where we can make improvements and where we can focus our efforts to make these improvements. Your work serves us well in this regard. Needless to say, we can certainly learn from the problems that developed because of a shortage of personal protective equipment.

Earlier on, you mentioned the work that was in progress. This included a study to be published in May or June. I'm not asking you to reveal the outcome of your efforts to the committee today. However, comparing the previous efforts of the government of Canada to what we are now doing in terms of procurement, I was wondering how you approached the task.

How do you go about assessing financial value? Generally speaking, what targets or measures are covered by your evaluations?

● (1635)

Ms. Karen Hogan: I just want to make sure I've understood the question.

Are you talking about the procurement of goods or is it a general question?

Mr. Steven MacKinnon: It's about the context of the pandemic. You pointed out that you felt the government appeared to have taken rapid action to develop wage support programs and that it had perhaps been less concerned about getting it right and more concerned about doing it quickly.

How would you assess procurement efforts from this standpoint?

Ms. Karen Hogan: On the basis of our audit of the Canada emergency response benefit and the emergency wage subsidy, we determined that the government had indeed followed internationally recognized emergency situation best practices.

The emphasis was on post-payment controls rather than pre-payment controls with a view to striking a balance in being able to provide support to individuals and businesses. There were a few pre-payment controls, but the emphasis was really on post-payment controls, as was the case internationally.

For procurement, the purpose of the evaluations was primarily to review the criteria and requirements used by the government. Here again, we took into consideration the fact that it was a market where there were very few masks and where demand was much higher than...

Mr. Steven MacKinnon: So you take supply and demand into consideration.

[English]

Ms. Karen Hogan: Thank you. I was thinking of “supply and demand”.

[Translation]

As we saw during the pandemic, the price of some items, like masks and gloves, increased considerably. That all has to be factored into our procurement audit.

Mr. Steven MacKinnon: So you've been approaching your work in the same way. When a government finds itself required to act, whether to buy supplies for the health system or to give financial support to individuals, you take these into account. Right?

The Chair: I'm sorry Ms. Hogan, but we've run out of time.

[English]

The Chair: If you wouldn't mind providing that to the committee in writing I would appreciate that.

We'll now go to the third round and we'll start with Mr. Paul-Hus.

[Translation]

Mr. Pierre Paul-Hus: Thank you, Mr. Chair.

Ms. Hogan, I'd like to get back to the instances of fraud that were detected. There was fraud with the CERB, and there was probably fraud committed by businesses under the Canada emergency wage subsidy.

I understand that it was urgent to act at the time, even though the Conservatives had put forward a number of risk mitigation measures. These were not adopted by the government, but that's ancient history. What we need now is to find answers.

Last fall, the Minister of Finance took further action to obtain the tools needed to do just that.

Do you really think it will be possible to recover fraudulently obtained money?

Do we have the required resources?

Ms. Karen Hogan: I'd like to begin by saying that I always make an effort to determine whether there has been fraud and whether taxpayer money has been used inappropriately. That's why I'm going to place an emphasis on the two follow-up audits for the emergency wage subsidy and the Canada emergency response benefit to determine the effectiveness of the post-payment controls.

In this audit, we'll be able to determine whether we have the means and mechanisms required to verify these areas. At this point, however, we have only worked on the design and launch of the two programs.

• (1640)

Mr. Pierre Paul-Hus: I assume that in the next audit, you're going to look into organized crime. After all, organized crime knows how to organize itself. It is responsible for all kinds of CERB fraud and business grant fraud. This needs to be monitored closely.

I'd also like to talk about your audits of Canada emergency wage subsidy grants to companies. In the world of business, people have been saying that some companies, even though they may not have committed fraud and have followed the rules, are taking advantage of the system. Some even adjusted dates to invoice services later in order to be able to apply for emergency wage subsidies for their employees. I am aware of some companies that made millions of dollars in profit at the end of last year. They say that it was their best year ever.

With hand on heart, we are always there to help people, but we mustn't become a laughing stock either.

Have you found anything like that? Are there mechanisms in place to check on these companies, which have not necessarily acted illegally?

Ms. Karen Hogan: When the emergency wage subsidy was being drawn up, there was no discrimination on the basis of business size. The goal was to encourage and maintain relations between employers and employees. All the situations you mentioned should be looked into by the government—I'm hoping—as part of the post-payment controls. We'll be checking on this in our follow-up audit.

Mr. Pierre Paul-Hus: I believe that the three reports make the same recommendations, but in report 8, you mention that the Public Health Agency responded to the recommendations by saying they had noted them and would deal with them. That's often what happens. When there are government reports, there are always stock answers, and we find ourselves in situations like the ones we are experiencing now. The fact is that people weren't ready and no one knew what was going on.

Based on your discussions with the various agencies, do you think that the awareness level has risen and that people will begin to take action to ensure that it won't happen again?

Should the government acknowledge the shortcomings in the machinery of government and make major changes?

Ms. Karen Hogan: I hope so. I even attached a message to the three reports for Parliament. In it, I said that it was time for the federal government to look into known long-standing problems. I shouldn't have to come back every year and talk about the same shortcomings and the same findings. I hope that we will all learn from this pandemic so that we can improve how we do things once it's over.

Mr. Pierre Paul-Hus: Do you agree that it's not always a matter of money, and that it's also tied to human capacity and the desire to do things better?

Ms. Karen Hogan: We can affirm that during the pandemic, there was no shortage of resolve or desire to serve Canadians. There simply weren't enough hours in the day, as my colleagues can confirm. The public service never lacked willpower, but it was short of time.

[English]

The Chair: Thank you, Ms. Hogan.

We'll now go to Mr. Weiler for five minutes.

Mr. Patrick Weiler (West Vancouver—Sunshine Coast—Sea to Sky Country, Lib.): Thank you, Mr. Chair.

I'd also like to thank the witnesses, Ms. Hogan, Ms. Richard, Ms. Schwartz and Ms. McCalla, for joining our committee today and for the excellent reports and recommendations you provided on the response to the pandemic from January to June of last year.

There has been a lot of discussion already today about the CERB and about potential abuse of the CERB.

Ms. Hogan, you mentioned a couple of the controls, the ESDC and CRA non-doubling and the student benefit and CERB non-doubling controls.

Would the attestation form not also count as a control to be considered as part of this as well?

• (1645)

Ms. Karen Hogan: I think a personal attestation really isn't much of a control. There is always a personal attestation. If you look even at a normal program where there are lots of checks and balances to vet eligibility, an individual has to make an attestation.

What was missing was asking for the documentation and the proof. That's what I referred to earlier about that international best practice. In times of an emergency, you don't expect individuals to do all of that, but you expect them to have it all available so that, when you come in post-payment to verify eligibility, they'll have all that documentation and information and be able to demonstrate and prove their eligibility, versus just making a personal attestation at the beginning.

Mr. Patrick Weiler: Absolutely. Thank you for that.

What other controls would you consider that the government might have looked at, again, considering the context here of wanting to get this money out very quickly to make sure that people have the opportunity to put food on the table and keep a roof over their heads?

Ms. Karen Hogan: Are you referring again to the Canada emergency response benefit?

Mr. Patrick Weiler: I am.

Ms. Karen Hogan: I think the program was meant to be rather quick. At least in terms of being able to see better information sharing between the Canada Revenue Agency and ESDC, I do think that control, which was kicked in a few weeks later, possibly could have been done earlier. I understand the issue, that they felt that changing their IT system would have delayed it. Really, that's where that judgment call was made to prioritize getting payments out to individuals in a timely way.

It really was a policy decision that this was the priority. Then the departments designed the program and the way they administered around that policy decision. I think now we should focus on the post-payment controls and see how that work might be done.

Mr. Patrick Weiler: Certainly. Hopefully, if we're ever in a similar situation to this in the future, we'll have the digital infrastructure so that we don't have to worry about the system collapsing in on itself with the 50-year-old EI system that is in place.

You also provided some suggestions with respect to the wage subsidy. You mentioned that the CRA should look at strengthening the integrity of it by using business intelligence information to conduct some targeted audits. I was hoping you could explain what you're recommending there in a little more detail.

Ms. Karen Hogan: Absolutely, and I will probably ask Philippe Le Goff to add in, since he was responsible for the detailed work.

In general, what I could offer up is that they have a lot of business intelligence information at the Canada Revenue Agency that they can use in so many ways. We felt that there were some opportunities where they could have used that to target audits for suspicious activity they might have seen or for applications that alerted them. They chose to just look at post-payment controls.

I don't know, Philippe, if you wanted to add something a little more specific, perhaps.

Mr. Philippe Le Goff: Yes.

We recommended during the audit to the CRA that they launch targeted audits based on the information they got from business intelligence. Even though they could not have stopped the payments, they could have sent their people after the businesses that were submitting information that was suspicious. The CRA did very little of that.

In our opinion, that would have helped target those who were really at risk of misusing the program.

Mr. Patrick Weiler: Thank you.

One of the measures announced in the budget last week was the creation of a new Canada recovery hiring program. It will be based somewhat similarly on a lot of the criteria of the wage subsidy. I'm wondering if you have any suggestions here on integrity for the wage subsidy, which you might also recommend for such a program.

Ms. Karen Hogan: That's a really tough question to answer when you don't really know the nuances of how that program might be designed and laid out. I think any program that is targeting an emergency response likely has a different lens that you would look through than you would for a program that would be there for the long run.

Most programs need to have really good upfront eligibility checks. That's your best line of defence, to make sure that you try to limit giving out payments inappropriately. It's almost like comparing apples and oranges, but I think we'll do our best to monitor what's going on. If we are asked any questions, we can provide some advice on what we saw as some of the pitfalls during the emergency.

• (1650)

The Chair: Thank you, Ms. Hogan.

We'll now go to Ms. Vignola for two and a half minutes.

[*Translation*]

Mrs. Julie Vignola: Thank you very much.

Ms. Hogan, the budget announced that the emergency wage subsidy will end in September or perhaps November. The arts and culture sector, and tourism, were particularly hard hit. All the stakeholders, or at least those in my riding, tell us that they're going to need this subsidy until 2022 in order to survive.

Based on your recommendations, would you say that unilateral measures from coast to coast or sector to sector are enough to restart the economy?

Ms. Karen Hogan: When we were looking at the emergency wage subsidy, we didn't really take that into account. The subsidy was designed to help as many companies as possible, no matter what their size, location or line of business. The goal was to maintain relations between employers and employees. Your question is about analyzing the options that went into the program's design. That question would be better put to the Department of Finance, which did the analysis for the design of the program.

As I don't know all the details, I can't really give you a better answer.

Mrs. Julie Vignola: Thank you.

I don't know whether this was part of your research, but we've just learned that approximately \$9 billion were spent to buy vaccines.

I'm not asking you for details about this. However, as the Auditor General of Canada, have you seen the procurement contracts or, as was the case before, were you not allowed to see them?

Ms. Karen Hogan: For our public accounts financial audit, we received the agreements for the vaccines. These expenditures will be published in the Public Accounts of Canada. We also obtained all other information that we deemed necessary. For the time being, we are not anticipating any difficulties in having access to this information about the vaccines. We're going to try to finish this audit towards the end of 2022.

[*English*]

The Chair: Thank you, Ms. Vignola.

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

Mr. Matthew Green: In testimony, we heard that there was information, and that CRA had at its disposal tools to monitor the reasonableness of applications as they relate to the wage subsidy. In an Order Paper question, I asked about the CRA's decision to temporarily suspend, as of March 2020, the programs and services for high-risk audits, including international large businesses, high net-worth compliance, GST of large businesses and so on.

In other committees, you've heard me, Ms. Hogan, reference the \$120 million of subsidies that Imperial Oil took, and the \$300-plus million it paid out in dividends. I've tried to find a rationale to that, and I have had some challenges.

In ESDC's policy development and program design, is it your opinion that it adequately had analysis around the inevitability of companies taking the wage subsidy and paying it out in dividends?

Ms. Karen Hogan: I want to confirm that I have the question correct, because you referenced Employment and Social Development Canada. It was not involved in the wage subsidy program; it was involved in CERB.

Mr. Matthew Green: Finance Canada was supposed to provide the analysis. If you'd like to refer to Finance Canada, I would be happy to receive an answer on whether you think it was adequate in analyzing the risk assessment of the inevitability that companies would take in wage subsidies and then pay out dividends.

• (1655)

Ms. Karen Hogan: What we saw during the analysis by the Department of Finance for the Canada wage subsidy... We felt the analysis was comprehensive and robust. Unfortunately, I can't talk about the contents of what was in that analysis, because it was either contained in secret documents or cabinet confidence documents.

It wasn't that I did not have access to them—

Mr. Matthew Green: What's the difference between the two?

Ms. Karen Hogan: —but I'm not able to report on them.

Mr. Matthew Green: In your opinion, what's the difference between secret documents and cabinet confidence?

Ms. Karen Hogan: Cabinet confidences are documents that go to cabinet, and typically contain recommendations and inform debates the cabinet has on policy choices. That's really a matter of protocol that keeps them secret.

Mr. Matthew Green: Secret documents, what would they be?

Ms. Karen Hogan: Secret documents are those where the author deems that the contents of the report might harm national security or an organization, and the author declares it secret. You can declare it protected A, protected B or secret.

That's in line with the government security policy. Items that are of a secret nature are not allowed to be disclosed in public documents. I must respect the security classification that the author puts on a document, and hence I'm not allowed to discuss the content.

Mr. Matthew Green: That is very helpful. I do appreciate that. Thank you.

The Chair: Thank you very much.

We'll now go to Ms. Harder for five minutes.

Ms. Rachael Harder: Thank you, Mr. Chair.

Last month at this committee on March 22, I asked Cindy Evans, the acting vice-president for the emergency management branch at the Public Health Agency of Canada, whether, if Canada's pandemic warning system had been fully operational, the government would have heightened the threat level of the pandemic at an earlier date and therefore increased safety measures such as closing the border. She responded by saying:

The number of alerts did decrease over the past number of years. However, GPHIN continued to operate without reductions in that time.

She continued to say:

The GPHIN system did exactly what it needed to do and the issuance of an alert to international partners would have in no way impacted the domestic activity that took place.

Again, she repeated:

The GPHIN system did exactly as it needed to do in providing the signal that was detected of the unusual cases of pneumonia in Wuhan, China.

Ms. Hogan, in your findings you state that PHAC's global health intelligence network—the GPHIN, of course—did not issue an alert to provide early warning about the virus that would become known as the cause of COVID-19 just a little while later. Instead, the network shared daily reports only, as we have discussed with Canadian subscribers, including federal, provincial and territorial public health officials.

PHAC prepared five rapid risk assessments of the virus outbreak but did not prepare a forward-looking assessment. You've talked about all of that.

Based on your audit and your findings, if the system had been fully functional, fully operational, can you tell us how things may have transpired differently? I recognize that an earlier statement you made to a colleague who asked a question was that you couldn't speculate. However, I would propose that part of the audit you've done, in your capacity as Auditor General, is to say that these are the things that weren't done well and perhaps these are the differences that could have been made in the lives of Canadians had they been done well. If we were fully operational, what would the difference have been?

Ms. Karen Hogan: I can offer a few things.

The Public Health Agency of Canada has criteria that would have called for an alert to be issued in this instance. There were alerts issued in the past. There was an alert issued for H1N1 and for SARS. It's not clear why an alert was not issued this time.

You correctly identified that there was a significant decrease in the number of alerts issued. However, I will note that throughout the pandemic two alerts were issued. One was for, I think, a virus from a tick bite coming out of China, so clearly alerts were still being issued.

The alert is not just domestic, but it's also to alert our international counterparts. I think this is where I don't think anyone could speculate what might have been different if our international counterparts had received the alert from GPHIN earlier on. Would their response have been different? Would then our response or the spread of the virus be different?

Those are all speculative, and I don't think anyone could really say for certain. That is why I think it's important that the Public Health Agency decide what it expects from the global public health intelligence network, make it very clear when and how it should be used and then use it as intended. In our view it was not used as intended, and I just alluded to all the reasons.

• (1700)

Ms. Rachael Harder: When Cindy Evans says that the system did exactly as it needed to do, would you agree with that statement?

Ms. Karen Hogan: I would agree that the system issued a daily report, and that the chief public health officer of Canada reacted to that report and alerted her provincial counterparts, but the system did not issue an alert, which for all intents and purposes, looking at the criteria in the past, should have been done.

I would equate it to an alert from your smoke detector. When you're in your home, you want your smoke detector to go off to tell you to stop, come and take a look, investigate what's going on and see if you need to react. If you're standing outside your home and it's already on fire, I don't think you really care if your smoke detector is going off.

I would use it that way. An alert is meant to signal that you should stop and investigate and do something.

Ms. Rachael Harder: I'm sorry. Did you just say that Dr. Tam did alert the provinces and territories in time?

Ms. Karen Hogan: As I mentioned earlier, following the December 30 daily report that contained an article about a virus that would become known as the one causing COVID-19, she did reach out to her provincial counterparts. If you take a look at exhibit 8.1 in our pandemic preparedness report, you'll see a listing of some of the key dates, and that's listed in there as a key event.

The Chair: Thank you, Ms. Harder.

We'll now go to Mr. Drouin for five minutes.

[*Translation*]

Mr. Francis Drouin (Glengarry—Prescott—Russell, Lib.): Thank you very much, Mr. Chair.

I'd like to thank the witnesses here today.

And I'd like to welcome Ms. Hogan and the members of her team.

One advantage of working for the Auditor General is that you don't have to worry about the April 30 deadline. I have spoken to a number of accountants over the past few days and I congratulate you on your work. More seriously, I believe the work you do as a third party to correct any errors is very important.

I'd like to talk about border control. You made recommendations and the department responded. Many ministerial orders were issued because certain changes were needed. I remember that in April 2020, the issue was foreign workers and determining whether or not they could come to Canada. The rule had to be changed and it was our Canada Border Services Agency employees who had to enforce them. The agency reacted by saying that more training would be required if new ministerial orders were issued.

Have you come across other examples elsewhere, in which ministerial orders were being issued every month? I'm trying to put myself in the shoes of the people who issue them, and then of those who have to act upon them. Is it realistic to say that it's possible to train people when there are so many new rules coming into play over such a short time?

Ms. Karen Hogan: There were in fact many changes at the border. The Canada Border Services Agency worked with the Canada Public Health Agency to develop guidelines for border agents, but the rules kept changing as the pandemic progressed.

Our recommendation included not only better training, but also better monitoring in terms of applying the rules. The agents have supervisors, and it is at this level that better monitoring to ensure consistency would have been useful during the pandemic.

It's probably very hard to train people in the middle of a pandemic, but it's important to find other options for doing so. What I have in mind here is monitoring and surveillance. That's why we came up with that particular recommendation.

Mr. Francis Drouin: Your audit began on March 25 and ended in June 2020. That's the period when Canadians were returning home en masse. I remember that most of my colleagues and I were busy repatriating Canadians from around the world.

You mentioned quarantine monitoring. Should there be closer cooperation between public health officers and the provincial forces, as Mr. Paul-Hus mentioned earlier? In Ontario, it would be the Ontario Provincial Police, the OPP, in Quebec the Sûreté du Québec, the SQ, and in the other provinces, the Royal Canadian Mounted Police, the RCMP. In the latter instance, it was a separate contract that was not with the department.

How could your recommendation fix the problem? I can't imagine hiring 3,000 full-time public health officers. I'm simply trying to understand this recommendation and figure out how we might improve the situation.

• (1705)

Ms. Karen Hogan: Our recommendation was focused on enhanced preparation, which does not necessarily mean hiring 3,000 people, as you suggested, just waiting for a mandatory quarantine to be ordered so that they can monitor it.

It really means having a plan in order to be ready in case it becomes necessary to increase capacity. In our audit, we found that the Canada Public Health Agency had not done this kind of planning and was not ready to administer a national quarantine. It realized that it did not have the required resources and therefore asked for assistance from other agencies to monitor travellers by phone and other methods. In only 40% of cases, when it had established that certain high-risk people were not complying with the requirements, did it call upon law enforcement agencies.

That's why it's important to be better prepared and to have a plan in place so that capacity can be increased if required.

[English]

However, in English it would be “to deal with surge capacity”.

[Translation]

In other words, it's important to be able to react when there is a rapid and significant increase in needs, followed eventually by a decrease. It means being better prepared and doing a better job of planning.

[English]

The Chair: Thank you, Mr. Drouin.

[Translation]

Mr. Francis Drouin: Thank you.

[English]

The Chair: We'll now go to our fourth round, starting with Mr. McCauley for five minutes.

Mr. Kelly McCauley: Thanks, Mr. Chair.

Ms. Hogan, in your conversation with Mr. Green, you were talking about the Department of Finance doing an analysis regarding the wage subsidy. Do you know if the government acted upon the analysis and recommendations made by finance?

Ms. Karen Hogan: As I mentioned earlier during the exchange with the other member, recommendations to the cabinet are in cabinet confidence documents—

Mr. Kelly McCauley: I recognize that, but you mentioned they did an analysis regarding.... I think Mr. Green was referring to payouts for dividends, etc., companies receiving subsidies but still paying out dividends. You mentioned that finance did an analysis to come up with the wage subsidy or recommendations for it.

Are you aware if ESDC followed such recommendations, or did they just create it out of the blue without the feedback from finance?

Ms. Karen Hogan: The Department of Finance provided advice on the design of the program and advice that informed the policy—

Mr. Kelly McCauley: Did they follow that advice?

Ms. Karen Hogan: The advice that informed the policy decision.... Once the policy was in place, then Canada Revenue Agency rolled out the program in accordance with the policy.

Mr. Kelly McCauley: Okay.

I want to follow up. Regarding the CEWS, you mentioned the government followed best practices from around the world on the wage subsidy. I'm wondering: What best practices?

What I'm getting at is that I was looking at the top 50 companies by market cap in Canada. About 10 of them where the market cap is a third of a trillion dollars received wage subsidies. These companies representing a third of a trillion dollars in market cap had \$32 billion in profit, so again, I'm trying to get to what analysis from finance or what best practices led to the development of a program that would pay wage subsidies to a group.... Actually, I think seven of them were worth a third of a trillion dollars, but also I'm getting to Mr. Green's point about a subsidy that would go to companies that ended up paying dividends.

Ms. Karen Hogan: The best practices I was referencing are best practices that are recognized internationally in an emergency situation, and those best practices are the ones that take all of those pre-payment controls and focus on post-payments. The decision to do personal attestations and move to post-payment work, that's the best practice.

• (1710)

Mr. Kelly McCauley: Okay, so the best practice was about the delivery of the wage subsidy, not the makeup.

Under your CERB report, in paragraph 6.36, you state that you found the benefit was being delivered. Finance performed an analysis to inform the Minister of Finance on proposed changes to the benefits in light of the evolving crisis. Do you know if those proposed changes were made?

Ms. Karen Hogan: Is your question referencing the Canada emergency response benefit?

Mr. Kelly McCauley: The CERB, yes.

Ms. Karen Hogan: The changes that we saw happening throughout the program were the ones that allowed individuals to earn a level of income, \$1,000, as I referenced earlier.

Mr. Kelly McCauley: That's the one that came out of the finance analysis? Great.

On to—

Ms. Karen Hogan: It came out of finance and CRA and ESDC's analyses. There were a whole bunch of departments that were doing analysis as the program evolved.

Mr. Kelly McCauley: In paragraph 6.38 you comment that “We found that the [CRA] identified and suggested changes to [ESDC] on the design of the non-Employment Insurance Emergency Response Benefit.” Did they make those changes the CRA suggested that you noted in 6.38? What did CRA recommend that you noted in 6.38?

Ms. Karen Hogan: I think I'm going to turn to Jo Ann Schwartz to perhaps provide a little more detail about that paragraph.

Ms. Jo Ann Schwartz (Principal, Office of the Auditor General): Sure. Thank you for the question.

In terms of paragraph 6.38, we did see that the CRA identified and suggested changes to ESDC on the design of the CERB, for example, additional mechanisms to recover funds.

Mr. Kelly McCauley: Did they act upon them, though? Your commentary is not very clear on whether they actually made those changes as suggested by CRA.

Ms. Jo Ann Schwartz: We don't report explicitly on whether those recommendations were, in fact, accepted.

In terms of additional mechanisms to recover funds, those—

Mr. Kelly McCauley: Can I ask why not? What's the point of putting it in here? We're studying the CERB and whether it was rolled out effectively and was the best for taxpayers. I'm sorry for sounding cynical, but's what the point of saying, “Well, CRA recommended stuff” and then not commenting on whether the government took advantage of those recommendations from the experts or made such changes?

Ms. Jo Ann Schwartz: Our point of including it was to show that the CRA was playing an active role and was involved in looking at how the design was happening for the CERB.

In the situation of additional mechanisms that they were recommending be included to recover funds, those were mechanisms they saw that ESDC had. They wanted to recommend that they would also have them. To my understanding, not all of these recommendations were accepted.

The Chair: Thank you.

Mr. Kelly McCauley: Okay, thanks.

The Chair: We'll now go to Mr. Weiler for five minutes.

Mr. Patrick Weiler: Thank you, Mr. Chair.

When COVID-19 started to appear in Canada, we saw, and we've discussed today, how the federal government worked very quickly to protect Canadians and roll out a number of the programs we've been talking about here. The reports you've put together, of course, focus specifically on the first wave of COVID-19 in Canada. I understand that there's a lot of significant work that's been done to scale since then, particularly with PHAC's capacity. We can see that some of the responses from the government to the recommendations you've mentioned here speak directly to that.

My question to you, through the chair, Ms. Hogan, is this: Do you agree that PHAC's response has evolved since the first wave?

Ms. Karen Hogan: Unfortunately, I'm not sure that I can absolutely comment on that. I see what you see in the media, but I haven't done any audit work to tell you whether or not PHAC's response has evolved.

What we saw during the audit period, and we demonstrated it through the pandemic preparedness audit, was that they were adapting and evolving at those early stages. I assume they would continue to adapt and evolve as the virus does.

We saw them not have an agreement with provincial-territorial partners, but even though that agreement wasn't there, it didn't stop them from discussing it with them and making sure they received the information they received. When they saw it was too much for provinces and territories to respond, they adjusted again to try to make it more manageable.

We definitely saw them reacting throughout the early stages. I just assume that they would continue to do so during [*Technical difficulty—Editor*].

• (1715)

Mr. Patrick Weiler: Thank you for that.

I understand that you're doing audits on the next periods of the government's response to the pandemic. Assuming that's the case, when do you anticipate being able to release some of those findings?

Ms. Karen Hogan: There are two discussions here.

We were planning to start some other audits related to the pandemic that would have included the Public Health Agency of Canada, Employment and Social Development Canada and the Canada Revenue Agency. They've asked us to delay some of them, given the pressures on their people and the fact that we're in another wave now and are still dealing with and responding to the pandemic. We've agreed to delay some of the audits. We were going to replace them with other audit work.

In terms of pandemic work, as I mentioned, in May we'll have two reports, one on procuring personal protective equipment and medical devices, and one on support to indigenous communities, including personal protective equipment, access to nurses and so on. There will likely be some other pandemic reports in November that will include temporary foreign workers and protecting Canada's food supply.

You can access all of our upcoming audits on our OAG website. There's a planned audits section. You can see both COVID and non-COVID audits as well as commissioner of the environment and sustainable development audit work. They've all been posted there now for a couple of years.

Mr. Patrick Weiler: One of the challenges you highlighted in your report is the jurisdictional breakdown of responding to COVID-19. Of course, it is the provinces and the territories that are responsible for delivering health care. They're the ones who make the decisions on public health measures such as stay-at-home orders and vaccine prioritization, among other things.

How do you think the government can better work with provinces and territories to ensure we're responding to COVID-19 with a team Canada approach?

Ms. Karen Hogan: I think that's an excellent question, and as I mentioned in my message to Parliament in March when I tabled my reports, one that we need to study. Whether that means that an individual who can study the response country-wide is asked to do so...I think that would be smart. As the federal Auditor General, I can only look at federal responses, but I think having someone who could look across the country at what provinces and municipalities

are also doing to respond would help the country better prepare for the next wave.

What I can do is the vaccine audit, which is coming up at the end of 2022. I'm trying to coordinate with my provincial counterparts—the auditors general in the provinces—to see if they can pick up the piece of the vaccination process where provinces take over the responsibility. My office can look at approval of vaccine all the way to delivery to the provinces, and then they can pick up the other half. If we can coordinate our work and coordinate when we might publicly release our report, I think that would help inform Canadians about how vaccines went from approval to shots in arms. That's something I can do, but as a country, I believe we need to figure out the best way to respond to the next health crisis.

The Chair: Thank you, Mr. Weiler.

Mr. Patrick Weiler: Thank you.

The Chair: Now we'll go to Ms. Vignola for two and a half minutes.

[*Translation*]

Mrs. Julie Vignola: Thank you very much.

You pointed out that the Canada Public Health Agency had signed an agreement with Public Services and Procurement Canada to digitize traveller information recorded on paper.

As for immigrant files—I know I'm going off topic, but as you will see, I'll return afterwards to the subject at hand—at the beginning, we were getting paper versions of the records. It was then decided to use digital records because there was no access to the paper versions. When the digital records could not be found, a paper version was eventually sent.

Aren't we back with the same mess in terms of document digitization?

Does this process properly protect traveller information?

Are there other methods that have been used elsewhere in the world that might perhaps be more effective?

Ms. Karen Hogan: I don't really know if the two situations can be compared.

In our situation, traveller data was obtained in a timely manner. Digitizing the paper records required up to six days or more, as we mentioned in our report. When a quarantine lasts for 14 days and we need to follow up as quickly as possible to make sure travellers are actually complying with the quarantine requirements, we need the information as rapidly as possible.

An app was developed, but it wasn't used at the beginning. It became compulsory later on during the pandemic. During the period when we were conducting the audit, we found that for one out of every five traveller files, information needed for monitoring was missing.

This is an example of how, because of a lack of planning, the agency wasn't prepared to manage the situation. It's one of the challenges that it has to deal with to be prepared in the event of a future crisis that might require a national quarantine.

• (1720)

Ms. Julie Vignola: Is our system equivalent to, or better than, what is happening in other countries, or does it need to be improved?

Ms. Karen Hogan: I have no details about how other countries are monitoring quarantines, and so I'm unable to answer your question.

[English]

The Chair: Thank you, Ms. Hogan, and thank you, Ms. Vignola.

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

Mr. Matthew Green: Thank you.

I'm still trying to figure out the classifications of "secret" versus "cabinet confidentiality". I'm not going to let it go. You're going to see me back in public accounts, and I'll likely have another motion dealing with that sometime this week.

I'm just wondering. As an auditor, somebody who's reporting back to committees like this one and public accounts, are you confident that all measures were taken within the distinction between "secret" documents and "cabinet confidentiality" and that they meet the smell test? Are they within the parameters that would allow that to happen? When it comes to information during this pandemic, it feels an awful lot like everything coming out of this government—a government that's supposed to be open by default—is either deemed "secret" or it's "cabinet confidentiality".

I'm wondering if you can help us unpack that a little bit.

Ms. Karen Hogan: I'm definitely not an expert, but I'll be sure to bring an expert when I go to the public accounts committee tomorrow, because I'm sure you'll keep asking these questions.

I guess what I can offer you up is that, when it comes to cabinet confidences, that is really in constitutional history. There's no discretion there, in my understanding. It's a question perhaps for the Clerk of the Privy Council Office, for more information, but as soon as something is a cabinet confidence that involves—

Mr. Matthew Green: I'm not as worried about that. What I'm concerned about is the way in which you have described that the authors are proactively taking.... We talked about proactive disclosure. This time last year there were hundreds of proactive disclosures, and if I remember correctly, throughout the last little while they have been in single digits, or there have been dramatically fewer proactive disclosures.

How do we get to a place where we have a government that's truly open by default, when it seems like we can have authors of a report just claim that everything is secret?

Ms. Karen Hogan: Within any organization, in order to follow the government's security policy, there are some clear outlines on security classifications, and while the author is the one who sits back and looks at the information and determines its security classification, there is typically one of their supervisors or a senior mem-

ber of the management team who should challenge that classification to make sure that you do not overclassify a document.

As the auditor, what I can do is ask and question whether you are sure this is the right classification, but in the end I cannot change it. It is the author's discretion to classify.

Mr. Matthew Green: Here is my last question. Are you satisfied—

The Chair: Mr. Green, I hate to interrupt you, but we want to stay on time.

Mr. McCauley, you have five minutes.

Mr. Kelly McCauley: Thanks.

I wish I could share my time with you, Mr. Green, because I enjoy where you're going.

I want to get back to the wage subsidy. Somewhere in the report here it is said that the Department of Finance did a full and complete analysis, which the department acted upon, but it sounds like only an analysis of how to give out the subsidy and not whether it's targeted.

I was talking about some of the market capitalizations. A perfect example is Lululemon, who saw their market capitalization go up \$15 billion last year, yet were still accessing the subsidy.

I'm going to skip over that, please.

On page 13 of your report for the wage subsidy, paragraph 7.61 says:

With the limited data it had, the agency conducted a business intelligence exercise in June 2020—that is, the agency analyzed data....

Then it says:

In 35% of subsidy applications, the GST/HST collected in 2020 was 35% higher than the employer's gross revenue as reported on its latest income tax return filed.

Am I reading that right, that the people self-attesting to claim the wage subsidy were claiming a higher GST collected than they actually had in entire revenue the previous year?

• (1725)

Ms. Karen Hogan: I don't believe it was that they had higher revenue. It was that when you look at GST you can infer what revenue would have been, and that made it appear that the revenue in 2020 was higher than in 2021. The first bullet on the 35%—

Mr. Kelly McCauley: It says that in 35% of applications, the GST/HST collected in 2020 was 35% higher than the employer's gross revenue as reported, not the employer's stated GST. They're saying that their GST was higher than the previous year's gross revenue.

It also goes on to say that with the wage subsidy there was concern because there was self-attestation for the revenue drop. Am I reading that correctly?

Ms. Karen Hogan: I think the areas you're highlighting are the areas we mentioned earlier that we felt could have and should have prompted the agency to do some targeted work. This was some of that suspicious information that came about that might have alerted you—it doesn't mean that something was wrong, but it might have alerted you—that a better investigation was needed. Again, though, the decision was made—

Mr. Kelly McCauley: I'm a bit concerned. I'm not sure whether you're just being nice here, but “might have”, “could have”... When we're talking about taxpayers' money, should the approach not be a bit more aggressive than to say, there “might be” some fraud, we “might” or “should” look at it, or we “could look at it”, as opposed to “the government definitely should take a look at this”?

Ms. Karen Hogan: I guess I'm choosing my words because I can't—

Mr. Kelly McCauley: It might be just semantics, but I'm worried that throughout the report nowhere does it say that we “should” look after taxpayers' money or that we “should” ensure the right people are getting the money, as opposed to we “could”.

Ms. Karen Hogan: I can't compel a department to change its approach. I just want to be clear that I am always concerned when there's the potential that public funds have been misused. That is my job. I worry about the prudent use of public funds.

In this instance, yes, I believe they should have used this information to do targeted audits. The Canada Revenue Agency made the decision not to, but to focus on post-payment work. This was one of the instances that we alerted to them, and we put in our report that they should have used this information to include extra controls while the program was running.

As we mentioned earlier, it doesn't mean that they had to stop the payments, but this information indicates that there's further investigation needed. It doesn't indicate that there is a problem. That's why I said the “might”, because it doesn't mean that there is a problem. It just means they should take a better look at it.

Mr. Kelly McCauley: I understand the need to get the program out and running fast, which they did, but again it has been... I think it was April 11 when they changed the CEWS to 75%. Could they not have made some of these proposed changes in June or July?

When I look at the code 699, which is the paid leave for the public service, CRA dropped from 36,000 people off work to 200 people off work in July. According to CRA, all of their 45,000 workers except for 200 were back at work. Could they not have made these changes in July to protect against such a risk?

The Chair: Thank you, Mr. McCauley. That's a great question.

Ms. Hogan, if you maybe can provide an answer to the committee on that, it would be greatly appreciated. I'm just trying to respect your time. I'd appreciate it if you would.

We'll now go to Mr. Kusmierczyk for five minutes.

Mr. Irek Kusmierczyk: Thank you, Mr. Chair.

The IMF, in its March 2021 report, concluded or stated, “Decisive actions and unprecedented fiscal support” helped Canada “to avert an even sharper fall in output”.

Ms. Hogan, would you say that the wage subsidy succeeded in getting support quickly to workers and to businesses?

• (1730)

Ms. Karen Hogan: We found in our audit that the Canada Revenue Agency and the Department of Finance worked in very tight timelines to design and implement the wage subsidy, which was something that has never been done in Canada before.

Mr. Irek Kusmierczyk: Is that a yes? It did get that support quickly to workers...?

Ms. Karen Hogan: They rolled out the subsidy absolutely very quickly, and it's an indirect support to workers through their employer. The objective was really to maintain that employer-employee relationship and to encourage businesses to stay open.

Mr. Irek Kusmierczyk: Got it.

In my previous questions regarding the wage subsidy, which you really hadn't looked at, in terms of the different types of analyses that could be conducted on the wage subsidy, you mentioned in the report that “given the announced extension of the program, parliamentarians could benefit from knowing the economic effects of this program”.

You mentioned that you really hadn't looked at the economic effects of this program, but in your opinion, what types of analyses could the department conduct on the economic effects of this program?

Ms. Karen Hogan: Let's just be clear. We did look at all the analysis that the Department of Finance did leading up to the program. I can't discuss it in our report because of the types of documents it was contained in. That's why we made a recommendation that they should publish an analysis of the wage subsidy program to inform a good debate within Parliament, but also to make all Canadians aware of the things that were considered.

Mr. Irek Kusmierczyk: Okay. Got it.

I want to change gears a bit and focus on the Canada Border Services Agency and recommendation 8.100. It states:

The [CBSA], in collaboration with [PHAC], should ensure that border services officers have the appropriate guidance and tools to enforce border control measures imposed to limit the spread of the virus that causes COVID-19. Furthermore, because border control measures regarding entry and mandatory quarantine continue to evolve, the [CBSA] should conduct a review of decisions related to essential workers to ensure that border services officers are properly applying exemptions. The findings from this review should be used to adjust existing and future guidance for the enforcement of emergency orders.

How often, in your opinion, should CBSA conduct a review of its decisions related to essential workers during a pandemic?

Ms. Karen Hogan: That's a really tough question to answer. It depends how many times the orders are changing.

Judgment is always needed when you apply exemptions. You want to make sure that the guidance is comprehensive and clear enough, so that border service officers, when they each apply their own judgment lens to it, they're doing so in the most fair and consistent manner.

That's why better supervision to make sure those judgments were being applied consistently is what was needed. We also recommended some additional control. Really, it's relooking at, any time a new order is issued, whether you need to clarify the instructions that were given. The frequency depends on how many times an order would change the guidance that you already have out there.

Mr. Irek Kusmierczyk: Would you say the agency's process for evaluating and adjusting emergency orders and communicating those orders to the border agents was sufficient? Did you have a chance to look at that?

Ms. Karen Hogan: I'm watching Carol nodding. We did look at whether or not they collaborated very well with the Public Health

Agency, and whether, together, they designed guidance in a good fashion. We did—as I'm watching Carol's head nod—see them adjust as they needed throughout the pandemic.

Mr. Irek Kusmierczyk: Thank you very much, Ms. Hogan.

Mr. Chair, those are all the questions I have today.

The Chair: Thank you, Mr. Kusmierczyk.

With that, I'd like to thank the Auditor General for her presentation today.

Ms. Hogan, Ms. Richard, Ms. Schwartz, Ms. McCalla and Mr. Le Goff, I thank you for being here and for providing us with some answers. Where possible, if you have further additions to the answers that you've given, if you would forward them to the clerk, that would be greatly appreciated. The clerk would dispense that to the whole committee.

The meeting is adjourned.

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