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Chair: Mrs. Kelly Block



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• (1145)

[*English*]

The Chair (Mrs. Kelly Block (Carlton Trail—Eagle Creek, CPC)): Good morning, everyone. I will call the meeting to order.

Welcome to meeting number 25 of the Standing Committee on Public Accounts. The committee is meeting in public today and is being televised. Pursuant to Standing Order 108(3)(g), the committee is meeting today to study Report 6, Canada Emergency Response Benefit, of the 2021 Reports 6 to 9 of the Auditor General of Canada.

Today's meeting is taking place in a hybrid format pursuant to the House order of January 25, 2021. Therefore, members may be attending in person in the room or attending remotely by using the Zoom application.

Before I go any further, Madam Clerk, I would just confirm that all members are joining virtually.

The Clerk of the Committee (Ms. Angela Crandall): That is correct.

The Chair: Thank you.

I also want to note that we are meeting 45 minutes past the start time. The clerk and I have discussed whether or not the meeting could be extended. I did not want to assume that your schedules would allow that to happen.

First, Madam Clerk, can you confirm if we are able to extend the meeting with the technicians?

The Clerk: Yes, we are.

The Chair: Okay.

I would like to have an indication from our members as to whether or not they are able and/or willing to stay for the full two hours of the meeting.

Mr. Greg Fergus (Hull—Aylmer, Lib.): Madam Chair, thank you very much for asking. Normally I would say yes without hesitation, but I do have a couple of meetings with constituents that I had booked at that time. I will see if I can move them off, but let's just assume that I can't.

The Chair: Okay. Thank you very much, Mr. Fergus.

Mr. Kody Blois (Kings—Hants, Lib.): Madam Chair, along similar lines, I have about a 15-minute gap before I get back into meetings before we have question period. Unlike Mr. Fergus, I know that those can't be rescheduled, so I would have about a 15-minute window.

Assuming there are no votes, if there were members—a coalition of the willing—who could meet, I don't know how that protocol would work.

That's my schedule. Thank you.

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

[*Translation*]

Mr. Maxime Blanchette-Joncas (Rimouski-Neigette—Témiscouata—Les Basques, BQ): Madam Chair, you know that I take my role on the Standing Committee on Public Accounts very seriously. I'll make sure that I reschedule my appointments and extend the meeting, because I think that we need to get caught up. There are some outstanding reports. We shouldn't let things drag on any longer.

[*English*]

The Chair: Thank you very much.

Go ahead, Mr. Sorbara.

Mr. Francesco Sorbara (Vaughan—Woodbridge, Lib.): If we could maintain the questions to their limits, to their specified times, I have no problem with staying the extra 45 minutes or 30 minutes. I'll rearrange what I need to rearrange.

The Chair: Colleagues, thank you very much. I know that votes sometimes do have an impact on committees and our ability to meet within the time frame that is set.

I will start the meeting and go through a couple more rules.

For those participating virtually, obviously interpretation services are available for this meeting. You have the choice, at the bottom of your screen, of either "Floor", "English" or "French". Before speaking, click on the microphone icon to activate your own mike. When you are done speaking, please put your mike on mute to minimize any interference. When speaking, please speak slowly and clearly. Unless there are exceptional circumstances, the use of headsets with a boom microphone is mandatory for everyone participating remotely.

Again, if there are any technical challenges, please advise me and we will do our best to resolve them. We may need to suspend in that case.

I'd now like to welcome our witnesses. Joining us today from the Office of the Auditor General are Karen Hogan, Auditor General of Canada; Jo Ann Schwartz, principal; Steven Mariani, director; and Robyn Roy, director.

From the Canada Revenue Agency, we have Bob Hamilton, commissioner of revenue and chief executive officer; Maxime Guénette, assistant commissioner and chief privacy officer, public affairs branch; Marc Lemieux, assistant commissioner, collections and verification branch; and Frank Vermaeten, assistant commissioner for assessment, benefit and service branch.

From the Department of Employment and Social Development, we have Graham Flack, deputy minister, employment and social development; Lori MacDonald, senior associate deputy minister, Employment and Social Development and chief operating officer for Service Canada; Cliff C. Groen, senior assistant deputy minister, benefits and integrated services branch, Service Canada; and Elisha Ram, associate assistant deputy minister, skills and employment branch.

Finally, from the Department of Finance, we have Michael J. Sabia, deputy minister; and Michelle Kovacevic, assistant deputy minister, federal-provincial relations and social policy branch.

For your information, colleagues, I have been advised that Deputy Minister Sabia will only be able to attend the meeting for the first hour because of the preparations for the tabling of the budget next Monday.

With that, welcome to all of you. I will turn the floor over to Ms. Hogan for five minutes.

• (1150)

Ms. Karen Hogan (Auditor General of Canada, Office of the Auditor General): Madam Chair, thank you for this opportunity to discuss our audit report on the Canada emergency response benefit. The report was tabled in the House of Commons on March 25. Joining me today is Jo Ann Schwartz, who was the principal responsible for this audit, as well as Robyn Roy and Steven Mariani, who were the directors on the audit.

The audit focused on two aspects of the Canada emergency response benefit. The first was whether Employment and Social Development Canada and the Department of Finance Canada provided analysis to support the initial design of the benefit and subsequent adjustments.

The second was whether Employment and Social Development Canada and the Canada Revenue Agency designed controls so that the benefit would support eligible workers who lost income because of the COVID-19 pandemic, including limiting abuse of the benefit. Overall, we found that the organizations quickly designed, rolled out, and adjusted the benefit to support workers who lost income because of the pandemic.

Employment and Social Development Canada and the Department of Finance Canada considered key areas in the initial design of the benefit. They subsequently performed analysis to inform changes to the benefit and respond to the evolving pandemic situation. To expedite issuing benefit payments, Employment and Social Development Canada and the Canada Revenue Agency adjusted their usual approach to prepayment controls and decided to focus on post-payment controls. Both organizations understood the risks involved with this approach. They decided to rely on the attestations of applicants to assess eligibility for the benefit. They also re-

lied on some automated prepayment controls that were possible through their existing information technology systems.

[*Translation*]

Accepting risks in order to expedite payments to those in need is consistent with international best practices. Since the ability to implement prepayment controls is limited in an emergency, post-payment verification becomes very important and must be planned for and carried out to uphold the stewardship of public funds.

To identify ineligible applicants, the department and the agency introduced additional controls after the Canada emergency response benefit was launched. One such control, introduced about one week after the emergency benefit was launched, was to stop applicants from receiving payments from both the department and the agency. Before this control was introduced, a number of individuals applied for and received payments from both organizations. According to the department and the agency, these double payments amounted to approximately \$500 million. In our view, it will be critical for the organizations to conduct rigorous post-payment verification work.

The department and the agency have developed post-payment verification plans. Most of this work should start in the 2021-22 fiscal year. The implementation of the organizations' post-payment verification work will be the subject of a future audit.

In our report, we made two recommendations. The recommendations focus on the post-payment verification work and on conducting a formal assessment of the delivery of the benefit to inform future initiatives. Employment and Social Development Canada and the Canada Revenue Agency agreed with both recommendations.

This concludes my opening remarks. We would be pleased to answer any questions that the committee may have.

[*English*]

The Chair: Thank you very much.

I will now go to Mr. Bob Hamilton.

[*Translation*]

Mr. Bob Hamilton (Commissioner of Revenue and Chief Executive Officer, Canada Revenue Agency): Thank you, Madam Chair.

I'm very pleased to be here to discuss the Canada Revenue Agency's action plan stemming from the recommendations in report 6 of the Office of the Auditor General.

[*English*]

You've already mentioned that I'm joined by three members, so I won't repeat that.

In report 6 on the Canada emergency response benefit, the Auditor General noted that despite challenging circumstances, the CRA and ESDC quickly designed and launched an emergency benefit to support workers who lost income as a result of the COVID-19 pandemic. The agency is proud of this accomplishment, and I am proud of all of our employees and what they did. When the government called upon us, we met this challenge and delivered this important benefit to eligible workers as quickly as possible.

The OAG also acknowledged that once the benefit was launched, both we and ESDC introduced additional prepayment controls to limit potential abuse of the benefit. Within that context, the Auditor General made two recommendations to the agency, which the agency accepted.

First, the Auditor General recommended that both organizations should finalize and implement their plans for the CERB post-payment verification work. Second, the Auditor General of Canada recommended that both organizations conduct a formal assessment of the delivery of the CERB in order to apply the findings to the design and delivery of future government emergency response and recovery benefits.

The agency has agreed with both recommendations and has advanced a detailed action plan with timelines to implement them.

With respect to the first recommendation, the agency's verification work will be largely supported by information that will become available during the 2020 tax filing season, which is under way now. This will help avoid unnecessary reviews of recipients who may in fact have been eligible to receive a benefit payment or who may have already voluntarily repaid monies owing.

The agency will finalize and implement its post-verification plan in collaboration with ESDC. This strategy will consider the economic landscape and the ongoing state of the COVID-19 pandemic in order to administer responsible and appropriate compliance measures while maintaining the fairness and integrity of the CERB program and ensuring the sound stewardship of public funds.

As we indicated in our response, beginning in August 2021, the agency will leverage 2020 tax filing data to do risk assessment of the CERB recipient population in order to select and prioritize cases for post-payment reviews.

With respect to the second recommendation, the agency will conduct a formal assessment of the delivery of the CERB. This will allow us to identify best practices and lessons learned and to determine if functionality and processes can be leveraged in a future urgency or crisis.

The findings from this exercise will be available by December 31 of this year, and these findings will support the design and delivery of future government emergency response and recovery programs.

In light of all these measures included in the agency's action plan, I am pleased to report that the agency is acting on the recommendations arising from the report.

In closing, I want to recognize explicitly the CRA employees who were given the daunting task of developing programs to quickly distribute emergency financial aid to millions of Canadians. I might add that in the midst of last year's filing season and a pan-

demic that we were also part of here at the agency, their rapid response has helped Canadians put food on the table through the Canada emergency response benefit. This was no small feat, and I offer them my sincere thanks.

Thank you, Madam Chair. I'm happy to answer any questions the members have.

• (1155)

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

We will now go to Mr. Graham Flack for five minutes.

[*Translation*]

Mr. Graham Flack (Deputy Minister, Employment and Social Development, Department of Employment and Social Development): Madam Chair, thank you for inviting me to speak to the committee today.

I want to begin by taking a moment to acknowledge the truly remarkable efforts of the Employment and Social Development Canada and Canada Revenue Agency staff in designing and implementing the Canada emergency response benefit, or CERB, in a matter of weeks.

The CERB has helped over eight million workers and their families stay afloat. The quick and decisive action taken to provide income assistance to millions of Canadians affected by the closures and public health restrictions has helped mitigate the worst of the economic impact.

Early on, the two departments created a simple and straightforward application process, where verifications would be done after payment. As benefits were paid out, adjustments were made to support even more Canadians and to support our economic recovery. These adjustments included significant measures to prevent fraud, along with expanding eligibility so that workers could earn up to \$1,000 per month and still be eligible for the CERB.

We took an unprecedented approach to provide support quickly in an unparalleled emergency.

• (1200)

[*English*]

On top of having to adapt to their new telework reality, many ESDC and CRA employees were home-schooling their kids, supporting family members and providing care to loved ones who may have been affected by COVID-19. Despite all of this, they worked tirelessly to make sure Canadians would get the support they needed as fast as possible.

I have never been as proud to be a public servant as I was when watching the remarkable efforts of these people during an extraordinary period under compressed timelines. They truly demonstrate what the Canadian public service is all about: service, integrity, stewardship and excellence.

The Auditor General's report acknowledges the work done by Canadian public servants and recognizes this remarkable approach that they undertook.

The report made two recommendations for ESDC, both of which the department welcomes and accepts. The first is to finalize and implement plans for CERB post-payment verification. Throughout the delivery of the CERB, ESDC and CRA were actively detecting, preventing and disrupting fraudulent activity. On our side of the house, 30,000 potential fraudulent applications were prevented, forgoing \$42 million in payments that would have otherwise been issued.

We have developed a four-year post-payment verification plan, and initiated it, to ensure that those who received the benefit were eligible. As you may know, in the fall economic statement, both departments were provided with additional resources to support this work. This boost in funding will help us to take action to detect and investigate cases of fraud related to the benefit.

[Translation]

The second recommendation concerns lessons learned from the situation. To that end, we'll conduct a formal assessment of the CERB. This will help the Government of Canada design and implement future emergency support and recovery programs. We'll begin this work together with the Canada Revenue Agency, or CRA, in summer 2021.

[English]

I'd be happy to take your questions.

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

We will now move to our last presenter, Mr. Sabia, for five minutes.

[Translation]

Mr. Michael Sabia (Deputy Minister, Department of Finance): Thank you, Madam Chair.

Thank you for the invitation to participate in today's meeting with Graham Flack, Bob Hamilton and, of course, Michelle Kovacevic, my colleague at the Department of Finance.

Let me begin by welcoming the Auditor General's report. As Ms. Hogan noted in her report, the Canada emergency response benefit was rolled out in a matter of weeks and adjusted in real time to respond to a sudden and unpredictable crisis. This approach and the lessons learned will be a valuable model for future emergencies.

As you know, the CERB was introduced just after the various parts of Canada went into lockdown for the first time, to support Canadians who suddenly found themselves unable to work through no fault of their own.

[English]

I certainly credit our colleagues at Employment and Social Development Canada and the Canada Revenue Agency, who remarkably and very rapidly designed and administered a benefit that provided income support to millions of Canadians affected by the public health restrictions that we're still, in many cases, experiencing.

This certainly helped to buffer the worst economic impacts of this health crisis.

Today the CERB has helped more than 8 million—

[Translation]

Mr. Maxime Blanchette-Joncas: Madam Chair, I have a point of order.

[English]

The Chair: Go ahead

[Translation]

Mr. Maxime Blanchette-Joncas: I want to bring something to your attention. I'm having trouble hearing the witness. He isn't wearing a headset. I want to remind you that the committee passed a motion to ensure that the connection with the witnesses would be tested before our meetings. We also know that the headset is mandatory.

Could the witness wear the headset? We can't hear him very well.

• (1205)

Mr. Michael Sabia: Madam Chair, I apologize.

For reasons that I can't explain, we've been trying for some time to connect to the committee's activities this morning. Obviously, we're having technical difficulties. In fact, my current connection is through a cell phone. I'm far from an expert and I can't explain why we're having these technical difficulties. However, we're working to resolve the issue. Unfortunately, at this time, we can't do things any other way. I apologize.

[English]

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

I know that our clerk did reach out to you, both on Monday and Tuesday, with the hope of getting your technical difficulties resolved for future meetings.

Thank you. You may proceed.

Mr. Michael Sabia: Thank you.

[Translation]

I'd like to ask all the committee members to please accept the apologies of the Department of Finance. We're sorry.

[English]

Madam Chair, I'm pleased that the Auditor General has highlighted the Department of Finance's role in conducting a number of analyses to support both the initial design and subsequent adjustments of the CERB over time. During the design phase, the department looked at a number of different design options, parameters, structures and impacts on different groups, which is the kind of work that you would expect the Department of Finance to do, including taking into account the experience of other countries and, of course, the preliminary costs.

At the same time, as the benefit swung into motion, the department listened very carefully to feedback from Canadians and employers about proposed changes and ways of making it work better, which I think did improve it over time.

[*Translation*]

Madam Chair, while I wasn't here myself at the time, on behalf of the Department of Finance, I welcome the conclusion of the Auditor General's report. It states that the department worked within short time frames and under exceptional circumstances to assist in developing the Canada emergency response benefit, and subsequently provided a sound and complete analysis to inform adjustments to the program.

[*English*]

Before I finish up, I say this as someone who was not here at the time, but I would be remiss to not recognize the really exceptional efforts of our colleagues at the Canada Revenue Agency, at ESDC and certainly within the Department of Finance itself.

As Graham and Bob have both noted, a lot of this work was being done around kitchen tables and in spare bedrooms. I do think it's a demonstration of a really remarkable effort on the part of public servants in the federal government to be able to deliver something of this complexity and importance in that kind of a time frame when they were also dealing with child care, home-schooling and all the personal challenges that we all faced at the time.

With that, I'll stop and just say that Michelle and I will be happy to answer any of your questions.

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

Colleagues, we will now move to our first round of questioning, which is six minutes long.

Ms. Dancho is joining us today. Welcome. I will turn the floor over to you for six minutes.

Ms. Raquel Dancho (Kildonan—St. Paul, CPC): Thank you, Madam Chair. It's an honour to be here today with everyone.

Thank you to the witnesses for providing your opening remarks.

Ms. Hogan, thank you for your report. I'm wondering if you can describe, in layman's terms, what a challenge function is and provide a bit more detail about the challenge function the Department of Finance performed on CERB.

● (1210)

Ms. Karen Hogan: I'll do my best. If I'm missing some details, I might ask a member of the audit team to add something. I'll also ask the deputy minister of finance to fill in the details if I miss out.

The Department of Finance's responsibility is really to do analysis and to provide advice. The department considers fiscal impacts on the government and so on. They provide that advice to the Minister of Finance. Employment and Social Development Canada was responsible in this case for the design and rollout of the program. The department also considered the advice and the challenge function that the Department of Finance gave them on the way it was designed, the threshold, how it was rolled out and subsequent changes that might have been needed to respond to the pandemic.

It is really done in collaboration, but the ultimate decisions about the program were left to Employment and Social Development Canada.

Ms. Raquel Dancho: Thank you.

This was a surplus-of-\$74-billion program, as you know. In normal circumstances, how long would a \$74-billion program have been...? How long would it have taken to do that challenge function, in your estimation?

Ms. Karen Hogan: I don't know if I would link it to the dollar amount of a program, but typically what we've seen in the past is that designing and rolling out a program takes, at times, months, if not longer. What we saw here is that decisions were made sometimes within hours or overnight, so it's really a stark contrast to the typical approach that would have been used to design a program.

Ms. Raquel Dancho: Yes.

You mentioned in your report as well that turnaround time for key steps was often a few hours or overnight. That's in section 6.26. My concern is that we know a half-billion-dollar mistake was made, which indicates to me that the challenge function was not adequate. How many days did you find it took Finance Canada to complete the challenge function for the CERB?

Ms. Karen Hogan: I'm not sure that we actually looked at the number of days it took them to provide the challenge function. Really, their role is to provide some advice and input into the design factors, and then to provide ongoing advice and challenge as data is collected to see the take-up of the program that happens. We really didn't measure how often they did that challenge and whether they did it over a certain number of days; it's certainly an ongoing thing.

Ms. Raquel Dancho: No, I appreciate that, and you were quite clear in your report that that speed was.... You expressed to them quite a bit of, I would say, praise for the speed of government, which we know is very critical to roll out the money for families who lost their jobs immediately or had to be home, as is outlined in the opening remarks. My concern is that I'm not hearing that anyone was really.... I'm not sure who is responsible for that half-billion-dollar mistake. Can you provide any insight on that? Where does the buck stop with regard to that mistake?

Ms. Karen Hogan: I guess the way I approach items like this is by not necessarily looking to identify who was at fault but looking to identify whether or not it could have been prevented and then what's going to happen after the fact. I think both departments that were responsible for the rollout—Employment and Social Development Canada and the Canada Revenue Agency—recognized rather quickly, about a week in, that individuals could, either in error or through confusion, apply to both programs, and then a control was put in place. You can appreciate that, there were very many applications in that first week, and that's why the dollar amount is so high—

Ms. Raquel Dancho: Certainly—

Ms. Karen Hogan: It could have been a missed opportunity, but now we should be looking at how it will be evaluated and corrected, if needed.

Ms. Raquel Dancho: I appreciate the speed at which this needed to be rolled out, but ultimately my role as the official opposition member of Parliament for ESDC is to outline the failures of government. This half-billion-dollar mistake was made, and I'm trying to figure out who is being held responsible for it. I'm not quite getting a clear answer from you on who you think is responsible for that error.

Ms. Karen Hogan: In the case of the Canada emergency response benefit, the department responsible for it is Employment and Social Development Canada. It recognized that, given the volume, it couldn't administer all of it, so it looked for the Canada Revenue Agency to support it in delivering that payment benefit in a timely way. I can offer that up to you, and then I guess you can ask the deputy ministers their thoughts.

The Chair: If I may...

I noted that Mr. Flack raised his hand.

Mr. Flack, would you like to comment?

Ms. Raquel Dancho: Madam Chair, before we go to Mr. Flack... I'll just throw it to him, but with a comment, if you wouldn't mind, Madam Chair.

The Chair: Sure.

Ms. Raquel Dancho: Thank you.

Mr. Flack, I did note in the Auditor General's report that the half-billion-dollar error was only mentioned once, in almost a throw-away line. I am concerned on behalf of taxpayers, and as it is my duty to hold the Liberal government to account for this program, that no one is being held accountable for this half-billion-dollar error. Can you provide information to the committee on who you believe is responsible for this? Where does the buck stop with regard to this error?

• (1215)

Mr. Graham Flack: I'm happy to take on that accountability myself. It wasn't an error. It was a known design criterion. We knew when we were launching the benefit that it was not possible, in the time that we had, to have real-time reconciliation between the two systems that were being held. In the case of the EI system, it's a 50-year-old computer system. The CRA was building a separate system. We knew in the design that it was not possible to have real-time reconciliation. We knew that we would need to reconcile the two payments, and a conscious decision—

Ms. Raquel Dancho: Did the minister approve that, then?

The Chair: Thank you. I'm sorry, but your time is up, Ms. Dancho.

Ms. Raquel Dancho: Thank you, Madam Chair.

The Chair: We will move to Ms. Yip for six minutes.

Ms. Jean Yip (Scarborough—Agincourt, Lib.): Good afternoon. It's wonderful to see so many departments here today. It really does show how much work was involved with CERB and its on-

going importance during this pandemic. Thank you for all your hard work in quickly delivering the support for Canadians.

My first question is for Mr. Flack. This is regarding the emphasis on getting the income support to Canadians as quickly as possible.

If the department and agency had used typical prepayment controls that were similar to those in the pre-pandemic employment insurance program, how long would it have taken for Canadians to receive the benefits at the beginning and throughout the pandemic?

Mr. Graham Flack: Our initial estimate was that it could have been up to 18 months. That was subsequently revised down to about 12 months. That reflected the fact that over the course of the March to September period, we received five million claims on the EI side of the CERB. That would compare with about 1.3 million claims in a typical year.

Ms. Jean Yip: With regard to this quick turnaround, could you please elaborate on the steps that ESDC took when considering key areas of the benefit's initial design and how the analysis conducted in key areas led to certain policy decisions?

Mr. Graham Flack: On the design, working with CRA, obviously it was paramount to have something that could be delivered quickly, given the nature of the crisis. That led to the decision to move to a flat benefit on both the CERB side and the EI side, whereby we converted EI claimants who came into the system to a flat benefit of \$500.

In terms of the amount, that amount was, among other things, calculated through an analysis of average EI payouts in the previous years, which were close to \$500. I think the amount was about \$473. There was initial analysis done in terms of where to set the income threshold for individuals eligible. As you would know, we typically have an hours requirement for people coming into EI. We were now expanding the system quite radically to include people who were not traditionally eligible for the EI system. A \$5,000 income threshold was chosen to make the benefit as inclusive as possible while still ensuring that we had individuals who had some attachment to the labour force.

I think those were the core criteria. There were additional ones considered as well, but I think maybe I'd start with those.

Ms. Jean Yip: Thank you.

I'll turn now to the CRA.

According to the OAG, when some applications were blocked by the CRA because of suspicious information, applicants were prompted to call the agency and provide the required documentation for their applications to proceed. As of December 20, approximately 141,000 individuals contacted the agency, and only 11% were actually eligible for the non-employment insurance emergency benefit.

Does this small proportion of people who were eligible among those who were contacted by the agency lead you to believe that this proportion is similar for all benefit recipients?

Mr. Bob Hamilton: I think essentially we would say that most Canadians were honest. While they may have made mistakes, they were honest about applying for these benefits. Nevertheless, there's always some degree of misappropriation or inappropriate benefits being received, and confusion. I'd be careful not to extrapolate too far the 11% who were eligible. It's a relatively modest number, but I think it's a good indicator that there were people who were, for one reason or another, trying to get benefits that they weren't eligible for. It was a relatively small proportion.

In terms of the earlier question, as we administer these benefits, there's a combination of upfront verification and back-end clarification. We did what we could up front to try to eliminate as many inappropriate claims as possible, but we always have the back-end verification that we can count on. We use tax data that comes to us, and is coming to us now in this filing season, to revisit the claims. This is in many ways similar to the normal operation of the tax system, which is accomplished by some upfront checking and then some back-end checking as well. There are still opportunities to determine exactly where funds might have gone to people who were ineligible and to take action.

• (1220)

Ms. Jean Yip: Can you tell me what some of the front-end checking applications were?

Mr. Bob Hamilton: To put this in context, as I think everybody has mentioned, we put the system in place very quickly. It was simple and had probably fewer verifications than you would have normally, but we asked people to attest that they understood the rules of the program and that they were applying in good faith.

As we went along and experienced and saw some of what was happening, we adapted somewhat. For example, if someone who was claiming was over 75 years in age, we would ask them to give us a call—those were some of the calls you refer to—just so that we could verify it. If something was suspicious, was there a reason to block it right out of the starting gate? Alternatively, the person could explain the situation to us and we could let it go through.

It was really trying to identify some of those outliers, based on what we were seeing, so that we could introduce additional tests, again without slowing down the process too much. We were balancing between trying to get the benefits into the hands of people as they needed them and introducing some integrity into the system that would slow down that process. We were walking that balance line as we went through it.

The Chair: Thank you very much, Mr. Hamilton

I will now go on to Mr. Blanchette-Joncas for six minutes.

[*Translation*]

Mr. Maxime Blanchette-Joncas: Thank you, Madam Chair.

I would like to acknowledge all the witnesses here.

Ms. Hogan, your report leaves me a little dissatisfied.

I understand that we don't have enough data yet to obtain an overall picture of the Canada emergency response benefit. However, if we were to implement this type of program again tomorrow morning, in short, what should be improved?

Ms. Karen Hogan: Thank you for your question. It's a bit difficult to answer it. We would need to know exactly what issue we're trying to address. If the goal was to provide financial support to Canadians, the Canada emergency response benefit program hit the mark.

In terms of the controls, we saw some prepayment controls. For example, the individual's social insurance number and age were verified and it was confirmed that the individual hadn't died. We now know that the next step is to prevent any possibility of double payments.

I think that we can already learn some good lessons from this program. If the program were to be launched again, I would encourage the departments to do a better job of sharing information. People often don't have enough information to know whether they can access another support program. Perhaps this should be done before, during the process, rather than later.

Mr. Maxime Blanchette-Joncas: Let's talk about communication, since it's the foundation of how departments work. We know that there are sometimes a number of subgroups and employees. In May, after only a few months, we realized that people who were already receiving employment insurance benefits could obtain the Canada emergency response benefit.

What concrete steps could have been taken to consolidate the information?

In the end, the same job was done twice, and these people had already received benefits.

• (1225)

Ms. Karen Hogan: It's a tough question. The deputy ministers may want to comment if you would like to ask them the question afterwards.

The information could have been shared a little earlier. As Mr. Flack said, there were some issues with the technological systems, but as soon as the information could be shared, it was. However, there's also the issue of access to other programs managed by the same department. The Canada Revenue Agency manages several programs, so it's also necessary to share information among the different groups within the department. Our office often sees this issue in its audits, which means that better communication and information sharing are needed. Sometimes it's really about technology issues and not a lack of willingness on the part of individuals.

Mr. Maxime Blanchette-Joncas: Just so I understand, if departments have trouble communicating with each other, would it have been more effective to have the Canada emergency response benefit managed solely by the Canada Revenue Agency or by Employment and Social Development Canada?

Ms. Karen Hogan: I don't feel ready to answer that question. There has been an incredible amount of benefit claims. The number of employment insurance benefit claims that Employment and Social Development Canada normally receives has multiplied. I don't know whether any agency would have been able to properly handle this. This may be a question for the government. That said, there was an incredible amount of claims at the start of the pandemic.

Mr. Maxime Blanchette-Joncas: Okay.

I want to address the operational plan included in your report's recommendations. The departments agreed with this recommendation. It will take four years to verify whether there was fraud and abuse, whether people who weren't entitled to benefits received them.

In your opinion, is this a satisfactory time frame?

Ms. Karen Hogan: I recognize that we will need time to carry out post-payment verifications that will help determine whether benefits have been paid to ineligible individuals and whether benefits have been paid by mistake. Tax season will be a crucial period that will enable us to obtain information. One of the CERB eligibility criteria is an income of at least \$5,000. It is really important to have that tax information in order to begin work.

I know that this is a long period of time, but post-payment verifications require some back and forth. A good plan must be implemented. That is why my office intends to verify post-payment compliance activities. We plan to wait a few months and to begin, if possible, in late 2021. That way, we will be able to provide advice to improve the process, as needed.

Mr. Maxime Blanchette-Joncas: Ms. Hogan, I would like to quickly discuss post-payment compliance activities.

According to the Canada Revenue Agency, in December 2020, only 11% of the 141,000 people who contacted the agency about their CERB application were eligible for the benefit. This means that about 90% of those individuals were not eligible for the CERB.

Of course, this is a small sample, but is it a sign that the proportion may be the same for the rest of the claimants?

[English]

The Chair: We'll have a very short answer, please, Ms. Hogan.

[Translation]

Ms. Karen Hogan: I am not sure whether I can come to that conclusion. I expect plans to be based on a risk assessment, and departments and the Canada Revenue Agency to focus in the beginning on higher risk samples before they broaden the scope of their work.

[English]

The Chair: Thank you very much.

We will now go to Mr. Green for six minutes.

Mr. Matthew Green (Hamilton Centre, NDP): I think it's worth allowing Ms. Hogan to expand on that, because there have been some aspersions cast on the way the programs rolled out.

Before Ms. Hogan continues, I'll begin with a statement to acknowledge the scale, the scope and the historic nature of how our public sector delivered for Canadians.

I firmly believe that without this program, we would actually be worse off in what is already a bad situation. I'm in awe of the way in which the government was able to pivot and go offline, have people work from home, transfer IT technologies and continue to deliver. I want to begin by thanking them for that.

I want to allow Ms. Hogan to draw on some of the confusion we hear around the risk assessment process, just so we can get clear about it.

● (1230)

Ms. Karen Hogan: Thank you for the opportunity to continue to expand on the previous member's question.

He was referring to paragraph 6.57, I think, within our audit report. I think it's hard to draw the analogy that because there were some blocked payments, we could then draw a conclusion based on the entire population when only a small percentage were actually ineligible recipients. This group was a group of what we'll say are our "suspicious" accounts. The Canada Revenue Agency has a lot of data, and they use some of that data to inform risk assessments and decisions. They flagged these as potential files that were of a suspicious nature for many reasons.

I don't think it's appropriate to make the analogy that all of the payments would be like that. I think it's important to acknowledge that there are likely ineligible applicants and that there are probably intentionally misrepresented applications—

Mr. Matthew Green: Sure.

Ms. Karen Hogan: —but for the most part, applications were likely eligible applications, and that's what the post-payment work will look at.

Mr. Matthew Green: Yes, and I'll just insert this in an anecdotal way about our office in Hamilton Centre. We have the third-lowest household income in the country, and we were unclear and I was unclear in terms of how these programs rolled out. You'll recall they rolled out in multiple iterations. First it was \$900 with this kind of patchwork EI program, and then it was shifted again and then again, and we finally got to around \$2,000 a month, which we thought would allow folks to batten down the hatches and survive.

By way of commentary, I also want to recognize that the previous speaker, Ms. Dancho, was really adamant on pursuing the \$500 million. I just want to state that from my calculations, that amount represents about 1% of all payments through CERB. I'm very much looking forward, for the fiscal conservatives who are out there and watching, to taking a look at the wage subsidies.

I'll give you an example. Imperial Oil claimed \$120 million in wage subsidies and issued \$320 million in dividends. That to me is a kleptocracy. The folks who are at home just trying to get by, whether or not they're employed, are a completely different subset of social conditions and questions.

I want to shift to the way in which some of these decisions were made. The OAG found that Finance Canada had analyzed the impact of the proposed changes to the Canadian emergency response benefit on the labour supply and the incentive to return to work. What impact did the benefit have on our labour supply? For example, if the benefit had been half the amount, how would that have affected the labour supply or the unemployment rate, in your opinion?

This is to the Department of Finance, which I'm sure did the analysis on the impact.

Ms. Michelle Kovacevic (Assistant Deputy Minister, Federal-Provincial Relations and Social Policy Branch, Department of Finance): Thanks.

The data and the analysis that we were doing—and continue to do, obviously—as the program was unfolding involved going over the information that ESDC and CRA both shared with us. On the number of applicants and beneficiaries of the CERB, we would look at surveys done by, for instance, the Canadian business federation of what Canadian businesses were doing, in terms of what they were seeing in layoffs and reductions in revenues. We were looking at—

Mr. Matthew Green: Are those reports verified? Respectfully, I feel like CFIB is a bit dubious in the way that they represent small businesses. How do you verify the validity of their data when these claims are being made?

Ms. Michelle Kovacevic: In my opinion, you don't just attribute one source as the only piece of information. You pool information from all over the place. There are a bunch of secondary sources, and altogether you get the broad strokes of a meaningful trend. To your point, it's not for me to say whether something is dubious or not. It's just another comment of information.

Mr. Matthew Green: No, that's my point. I'm trying to get a clear idea about the calculation that was made in the decisions to use the wage supports, the wage subsidies and the way they interact with the CERB. I'm hopeful that in future months, maybe years, when we look back on this, we recognize that we had an opportunity to provide CERB to everybody, including people who were not employed, to batten down the hatches, to maybe only have one wave, maybe two at the most. The fact that we're in the third wave leads me to think that we're not even close to containing this thing, based on this push-and-pull policy of supply and demand for our labour.

I can see Madam Chair holding her mike, so I'll wrap it up and come back on this on the back end.

Thank you.

• (1235)

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

We will now move to our second round of questioning. It's a five-minute round, starting with Ms. Dancho.

Ms. Raquel Dancho: Thank you, Madam Chair.

I would be remiss as a Conservative member and as a woman if I didn't mention how the CERB initially left out pregnant women. Perhaps Mr. Green doesn't feel that was an important issue, but Conservative members would disagree with him. It was because of our advocacy that that issue was addressed by the Liberal government, but I will move on.

Really, my issue is that half a billion dollars was paid in error, which I do believe is a significant amount of taxpayer dollars, and I'm working to get to the bottom of who was responsible for it and how we can ensure it doesn't happen again in the event we're in this sort of crisis again. I do get a sense that the half billion dollars is not being treated very seriously, like it's not a big deal. Mr. Green said it was only 1%, so who cares? I'm paraphrasing, of course, but that is the sense I'm getting from witnesses and from other committee members.

I completely reject that view. Quite frankly, I find it disrespectful to taxpayers to say that half a billion dollars is, well, just a cost of doing business with CERB. Millions of Canadian families are going to have to work for years to pay federal taxes to pay back that half-billion-dollar mistake. That was financed by deficits, so it's half a billion dollars of a mistake plus interest.

Mr. Flack, you mentioned in the last round that you were taking responsibility for this, or it sounded like you were, but you expressed that you didn't believe it was an error. Rather, I think you said it was a known issue, that ESDC was aware that this would happen.

Was the minister of ESDC aware that there were individuals who had access to both CERB and EI CERB funds, and when was she made aware of that?

Mr. Graham Flack: From the very beginning of the design, we made ministers aware, and as soon as we briefed parliamentarians, we made them aware as well.

I just want to contextualize it for you. We built, in a matter of two or three weeks, two new systems, one on the EI side and one on the CRA side.

The only way to prevent duplicate applications would have been to have a real-time connection between those two systems. We knew this was impossible to build without months of delay and we made a conscious decision not to delay launching the CERB by months just to have that real-time connection.

We had a plan. Knowing it was possible for people to apply on both sides, the plan was that we would develop a SIN matching system that would take the applications on each of the two systems on which they came in, match the SINs and then set up a system to block applications in the second week where individuals were on both sides—

Ms. Raquel Dancho: Mr. Flack, pardon me. I'm sorry to interrupt you, but my understanding is that individuals weren't advised to only apply for one. Was that not the case?

Mr. Graham Flack: Yes, they were. They were clearly advised on the website. However, as we saw on social media, we had individuals saying that, to be safe, they were going to apply to both.

Therefore, we designed a system. We thought it was going to take three weeks to put it in place to be able to block people on both sides, but the teams were able to put that together in one week.

I'd point out that the money is not lost. We then immediately went to the individuals who had been paid on both sides. Because almost all of those individuals applied for multiple weeks, we had an ability to then tell them that they were going to need to pay it back.

Ms. Raquel Dancho: Thank you, Mr. Flack. My understanding is that you're chalking it up to a communications error.

Mr. Graham Flack: No, it's not a communications error.

Ms. Raquel Dancho: Well, you mentioned that it was on the website, so if people weren't fully understanding that, then it wasn't clearly communicated. I think that's a safe assumption to make.

Mr. Graham Flack: In the case of EI, we had at that point, at the end of March, about two and a half million people who had already applied. While we tried to communicate with them to indicate that you don't need to apply to the CERB, there were individuals who were saying that to be safe, they would, and then sort it out later.

Ms. Raquel Dancho: If I may—

Mr. Graham Flack: I just want to be clear. We are able, and were immediately able, to contact those individuals, the 500,000 people—

Ms. Raquel Dancho: You were immediately aware of 500,000 people, so half a billion dollars. Why did it take a year for the public to find out?

There were two fiscal updates from two finance ministers in the last year and that was not mentioned. Why, then, did it take the Auditor General to tell the public about this half-billion-dollar error?

Mr. Graham Flack: I'm pretty confident that we briefed parliamentarians throughout this about the fact that we were not able to put an automated real-time system in place and that we then put a blocking system in place—

• (1240)

Ms. Raquel Dancho: But you knew about the amount, correct?

Mr. Graham Flack: —within a week.

Ms. Raquel Dancho: And we didn't find out about it until recently. Is that not correct?

Mr. Graham Flack: I don't recall if we gave a specific amount. I think we might have said the number of applicants—

Ms. Raquel Dancho: You don't recall if you told the public about a half-billion-dollar.... You don't call it an “error”, but I'm calling it that. You don't recall if you released that information to the public.

Mr. Graham Flack: I believe we briefed parliamentarians on the number of duplicate payments we had and our strategy for recovering them, which was to immediately go to them and say so.

With all due respect, the error thing would imply that what we should have done was to wait many months to have a real-time system in place before we launched the CERB—

Ms. Raquel Dancho: I think you're creating that dichotomy. I don't know enough about it to say if that is true or not—

The Chair: Thank you—

Ms. Raquel Dancho: —but you're creating that analysis.

The Chair: Thank you very much, Ms. Dancho. Your time is up.

We move on to Mr. Longfield for five minutes.

Mr. Lloyd Longfield (Guelph, Lib.): Thank you; and thank you in particular to Mr. Flack, Mr. Hamilton and the other witnesses who are here.

The Canadian public service really did an amazing job here. I've said in other meetings that this reminds me of *Apollo 13*. You had to work with some old technology as well as bring in people from retirement who had legacy data knowledge and other people who knew how to do artificial intelligence, and you put all this together to have two systems working side by side to deliver results to Canadians.

Mr. Flack, maybe you can correct me or add some detail, but I understand you ran a test on a limited number of applications to test data and performance, and then went live immediately instead of waiting two or three weeks. You then had two million transactions go through to confirm that things were working properly.

As I said, we don't have a 90-minute movie here, but could you give us a bit of a highlight as to how nimble the department was in terms of, first of all, testing and then rolling out?

Yes, I am a member of Parliament and I remember hearing that we were going to be looking at the details after the immediate crisis and that of course we would be going through the proper audits to recover any duplicate payments. That's where we're at right now.

Mr. Graham Flack: Thank you for the question.

To give you the sense of what we were facing, on March 13—that was the Friday before the crisis—we had a typical number of EI claims. There were about 9,000 claims that day. By Monday, the 16th, we'd hit 71,000 claims. To put that in perspective, that was almost double the record we had during the global financial crisis of 38,000 claims in a single day. By March 21, that had grown to 266,000 claims in a single day. That was 35 times our normal rate, and seven times the record we'd ever achieved.

After March 16, when we realized we had a catastrophic challenge in terms of the volume that was going to come in and our inability to process that volume on a timely basis, given the way the system is built, that's when the team built the system to allow us to move to a flat payment and automatically transfer all of those people—what became roughly two and a half million people by the end of March—from the EI system and automatically have them paid through the EI side of the CERB.

We did our first system run April 1—it may have been April 2—in the early, early morning hours. As you said, it was a few thousand. We had a confidence that we could do about half a million a day.

Minister Qualtrough gave a press conference the next day indicating she had confidence that we'd be able to do that. The system actually slightly exceeded expectations. We were processing about 600,000 a day. By the end of that first week, we'd processed most of the 2.23 million. That was just before the CERB had launched for the non-EI eligible people on the CRA side.

Mr. Lloyd Longfield: Thank you for being so concise on that.

As a mechanical engineering technologist, a former machine builder, I'm very interested in the use of artificial intelligence.

We've had other audits come before us showing that data issues continue to plague some parts of the operation of the Canadian government. In this case, it seems that the data was well within 1%, and the 1% has been identified as something that can be recovered.

Is there digital government learning here that could be transferred to other departments?

• (1245)

Mr. Graham Flack: I think there is. The first thing is that if we were to have another crisis, my hope would be that at that point we wouldn't be operating on a 50-year-old technology platform that has major limitations in speed and ability. I don't want to understate the degree to which—

Mr. Lloyd Longfield: Totally.

Mr. Graham Flack: —the human beings who held this together made the system do things it was not designed to do. Next time, I don't think that we want to rely on that level of heroism to be able to do this. We need a modern, nimble system.

To Ms. Dancho's point, I would like to have a system that would allow us to have real-time connection between the databases. That was not possible and not in place. Unfortunately, that meant we knew we were going to have a period when there was a possibility of people filing on both sides—

Mr. Lloyd Longfield: Great. You're saying interconnectivity would be a future opportunity.

I'm out of time, but I want to say thank you again for incredible work with very old equipment—but that's Canadians. We get the job done.

Thank you.

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

We will now move to our two-and-a-half-minute round, starting with Mr. Blanchette-Joncas.

[*Translation*]

Mr. Maxime Blanchette-Joncas: Thank you, Madam Chair.

My questions are for Mr. Flack.

My hat goes off to you and to your entire department. We know it is not easy to manage a pandemic. I have a very simple question for you. Do you think that Service Canada employees are essential workers, especially in the context of the COVID-19 pandemic?

Mr. Graham Flack: The service they provide is an essential service. That is why we changed the ways we proceed during the pandemic, while possible activities in physical locations were limited. As Ms. MacDonald could explain, we have changed the ways we do things, not only to enable traditional virtual contacts, but also to enable people with limited access to technology to make telephone calls and obtain an answer within 48 hours.

I think you are referring to the fact that we underwent a virtual transformation before returning to work, as some provinces have implemented rules, and our workspaces did not have the structure we needed to provide the services while protecting the health of our employees and of the general public. Ms. MacDonald is an expert on the matter and, if I may, I will ask her to continue.

Mr. Maxime Blanchette-Joncas: Mr. Flack, I will expand on this before I hear from your colleague.

I want to understand something. If, as you say, Service Canada employees are essential workers, why have you closed their offices? On March 27, it was announced that Service Canada offices would close the next day. So you have implemented exceptional programs of an unprecedented nature, but you have not provided Canadians with the support they need to access them. People had to go on the Internet to access them.

Once again, I would like to inform you that not everyone has Internet access. My constituents are aging, and even people who have access to the Internet are not necessarily technologically savvy. So I'm struggling to understand your decision.

During that time, the Government of Quebec continued to support people in the midst of the COVID-19 pandemic. Its services, such as those provided to social assistance recipients, were always accessible. The decision I still don't understand today is that you reopened offices in zones that were hit even harder and were at a higher risk, instead of reopening offices in rural regions. Even today, on April 15, 18 of your Service Canada outreach sites remain closed in Quebec's rural regions.

How do you explain that?

[English]

The Chair: I am very sorry; we are out of time.

Unless you can give a very short answer, we will have to move on to our next questioner.

Ms. Lori MacDonald (Senior Associate Deputy Minister, Employment and Social Development and Chief Operating Officer for Service Canada, Department of Employment and Social Development): Madam Chair, thank you for the question.

In context, while our offices' doors were closed, our staff were still working behind those office doors and at home. At the same time, we put an alternative service delivery method in place to reach those people who could not access our offices.

The Chair: Thank you very much.

We'll go on to Mr. Green.

Mr. Michael Sabia: Excuse me, Madam Chair—

The Chair: Yes?

Mr. Michael Sabia: Madam Chair, it's Michael Sabia from the Department of Finance—

The Chair: I'm sorry; we really are out of time. The members are given—

Mr. Michael Sabia: I think your office was informed that, given the demands of the budget on Monday, I had an hour and was very happy to spend that time with you. At this point, I need to *présenter mes excuses* and get back to some of the budget work I've been doing. I hope you will understand. I do very much appreciate your understanding and the understanding of the committee.

Thank you.

• (1250)

The Chair: Thank you very much, Mr. Sabia and Ms. Kovacic.

We will move on to Mr. Green for two and a half minutes.

Mr. Matthew Green: Thank you.

While I've met so many interesting people on the Hill, today is the first time that I've met a ventriloquist. Ms. Dancho was putting words in my mouth that somehow I don't care about pregnant women. In fact, I'm advocating that this benefit be provided to all people, including unemployed people. I'm disappointed that she raised the point but didn't pursue it, so I will.

Section 6.37 found that the benefit was being delivered using the "gender-based analysis plus to assess how Canadian workers were being supported by the benefit". Would staff care to comment about

how the GBA+ was applied and how the CERB helped to perhaps benefit women?

Mr. Graham Flack: Was that directed to the Auditor General or to the department?

Mr. Matthew Green: It's to the departments, probably. The gentleman from finance left, so it's to whoever's left.

Mr. Graham Flack: I can give a sense of it.

As to the volume of those numbers I talked about, we also had an appreciation, working with the Department of Finance and others, that they were concentrated in particular sectors, particularly retail and hospitality. Our initial assessment was that we were likely going to see a gender differentiation there because the people getting hit the hardest were in sectors where women are overrepresented.

Another factor in terms of the GBA+ analysis was where to set the \$5,000-income threshold. Women are also overrepresented in the part-time worker sector, so the decision was made to go with a lower income threshold, given that part-time workers were also disproportionately—it appeared, in the early analysis—impacted by the crisis.

Over time we got better granularity on this aspect and made adjustments to the program to reflect what we were seeing. From the very early stages, we did have a sense that this risked being an unusual recession in that it was, in effect, driven by government policies that caused the closures and not by the traditional economic forces that would have, for example, hit the financial or manufacturing sector hardest first.

I would say that the sophistication of that analysis was quite limited at the front end in terms of the days we had to pull it together. Over time it became more specific.

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

Colleagues, we are now moving into our next round of questioning. It is of five-minute segments. As you are all aware, that will take us past 1:00, at which time I will test the room to see whether our colleagues were able to reschedule some meetings or whether we should adjourn.

Moving on to our five-minute round, we have Ms. Dancho for five minutes.

Ms. Raquel Dancho: Thank you, Madam Chair.

Mr. Flack, I have some questions about the official evaluation of the CERB, which you mentioned in your opening remarks ESDC is going to conduct, and on Ms. Hogan's Auditor General's report on the CERB.

On page 15, in paragraph 6.65, she recommends that both ESDC and the CRA conduct a formal assessment, as she calls it, and that the CRA commit to doing one. It also says: "The findings from this exercise will be available by 31 December 2021."

Ms. Hogan can correct me, but I believe that when the CRA's response says "be available", it means it will be publicly available.

I noticed, both in your remarks today and in the response given in this Auditor General's report, that you don't commit to releasing what you called your "official evaluation" or findings publicly; nor do you commit to a date for doing so. Can you give us the reason you have not made that commitment?

Mr. Graham Flack: We're more than happy to release it publicly.

We're going to start that work with CRA this summer. I guess we have not set a firm date because we want to see how it evolves. As you know, the lessons will not just be from the CERB; they'll also be, for us, from the recovery benefit, from the student benefit.... We had a series of them. We want to be able to take the lessons from all of them.

Also, we are trying to go beyond the recommendation. We don't just want to apply the lessons to what would happen in the event of another crisis of pandemic, but to see whether there are lessons from this that we can apply to regular programming.

• (1255)

Ms. Raquel Dancho: Why is it that the CRA is able to commit to a deadline, but you're not able to? I don't find that very comfortable or transparent.

Mr. Graham Flack: At this stage we don't know how long it's going to take to do the full evaluation, but we'll be doing it as expeditiously as we can and have no problem releasing it publicly.

Ms. Raquel Dancho: Do you anticipate that it would be in five years, two years...?

Mr. Graham Flack: No, I don't think the utility would be there if we waited that long. We're certainly trying to get it done within a year.

What I would point out is that we are still learning lessons from the crisis—the benefits are still live—and are still analyzing the data. We might be able to do a preliminary report, but what I don't want to do is truncate the work such that we don't get the full lessons learned.

Ms. Raquel Dancho: I want to change topics a little here to speak more about how pregnant women in Canada have been impacted by being left off CERB, and then there are some more issues in that regard.

At the time when they were not eligible for CERB, immediately following the onset of the pandemic, a woman from Airdrie, Alberta, was quoted in the media saying she was not allowed to get CERB money "because I'll be going on maternity leave". I'm glad that issue was fixed, but it was certainly a grievous oversight. "Oversight" may not even be the respectable term; it was a massive error, in my estimation.

Because there seem to be more errors in this regard, I want to ask about the CRB EI issue. It has come to my attention in the last couple of months that thousands of Canadians who, if they have had an EI file open, are not able to get CRB but have run out of all their EI money. The Liberal government has promised them CRB money, but they're not able to access it because they have an open claim over here. This is as a result of some of the control measures your department and the CRA put in.

Here we have another error that is impacting thousands of people. The CRA confirmed to me at a HUMA committee meeting a few weeks ago that it was thousands of Canadians who are facing this issue.

There's the woman in Winnipeg. She and her husband are young and are having their first child. They've spent dozens of hours on the phone with CRA trying to fix this.

It turns out that there is no solution or way to fix it. We continue to get commitments from your department and ESDC, and from the minister of ESDC as well. I would like an update on when the solution is coming for this.

Mr. Cliff C. Groen (Senior Assistant Deputy Minister, Benefits and Integrated Services Branch, Service Canada, Department of Employment and Social Development): Thank you for the question. Chair, I'll gladly take this. I'm Cliff Groen from Service Canada.

This is an issue we are very much aware of. The reason we have implemented those controls is the challenges that were identified relating to the CERB and the need for the data exchange between us and the Canada Revenue Agency to ensure that people actually are not able to receive the CRB and/or EI at the same time.

We have that existing control in place. There are instances in which someone may have.... Typically it's not that they have run out of EI regular benefits, because the EI regular benefits do have the maximum—

Ms. Raquel Dancho: I apologize for cutting you off, but I only have 10 seconds. Is there a date by which you estimate this will be fixed?

Mr. Cliff C. Groen: There is a process in place now in which this is addressed, and there is clear communication that will be going out on our websites, both the CRA—

Ms. Raquel Dancho: The money is coming for these individuals?

Mr. Cliff C. Groen: Certainly—

Ms. Raquel Dancho: You're committed to that.

Mr. Cliff C. Groen: Yes.

Ms. Raquel Dancho: The money is coming to them.

Mr. Cliff C. Groen: Yes.

Ms. Raquel Dancho: Okay. Thank you very much.

Thank you, Madam Chair. I believe that's all the time I have.

The Chair: Thank you very much.

We will now move on to Mr. Sorbara for five minutes.

Mr. Francesco Sorbara: Thank you, Chair.

Good morning, everyone. It's great to see everyone today.

I think one of the benefits I have from working virtually and working here in my office is that my lovely better half, my wife, was able to bring me a fresh lunch today. It's always nice when you have that type of perk of any perks that are available to her, so I want to say thank you to my wife Rose for being so accommodating to me this morning in my needs.

I want to speak first to the Auditor General.

Auditor General, in your reports and in your opening remarks from last week, you used the word “nimbleness” in terms of how ESDC and CRA were able to provide benefits to Canadians at this most extraordinary time. Within the context of nimbleness, can you elaborate for 15 or 20 seconds, please?

Ms. Karen Hogan: Sure. I think I would highlight a couple of things that we raised in our report.

One was the speed at which key decisions were made about the design and rollout of the program, right? We drew the comparison to days and hours versus typical months, so it was a huge contrast to what's normally done when a new program is designed.

Also, then, I would highlight all of the changes that occurred as the pandemic continued to evolve and the program rolled out. The departments were able to see the take-up and how it impacted individuals: being able to expand to include workers who are seasonal or not normally eligible for EI payments, recognizing that you wanted to encourage individuals to go back to work when they could to maintain that employer-employee relationship, and being able to allow income to be earned and still be eligible for the CERB.

I think that would show how the departments were responsive and reactive as the pandemic evolved.

● (1300)

Mr. Francesco Sorbara: Absolutely, and obviously that was not only about both departments knowing the numbers and what was going on in terms of the uptake of the programs, but also about MPs providing feedback via their constituents on how the programs needed to be altered, to be changed and to be more inclusive. I think that's something that we can all be proud of.

For the Canada Revenue Agency, it's great to see you today, Commissioner. I've looked at the CRA's detailed action plan, which you provided to our committee, and I do wish to say thank you.

One thing you referred to in your opening remarks, Commissioner, was that we asked Canadians to attest, but we also saw during this time that if Canadians received a CERB payment or if their employer had moved them to the wage subsidy, they weren't eligible. Do we in fact know how many payments were returned by Canadians to the CRA specifically for the CERB program?

Mr. Bob Hamilton: Thank you, Madam Chair.

I don't have the specific number with me of how many repayments have been made. I know that we were clear with people about how they would repay if they needed to.

We also told people that if they knew they had to repay, it would be easier to do it before the end of the 2020 calendar year for 2020 tax purposes, but I don't have an up-to-date number. I don't know if

my colleague Frank has the number, but if not, I'm happy to provide it afterward.

Mr. Francesco Sorbara: Frank, do you have any follow-up on that?

Mr. Frank Vermaeten (Assistant Commissioner, Assessment, Benefit and Service Branch, Canada Revenue Agency): I as well don't have an exact number, but I do know that it was over a million a little while ago. More than a million repayments have been made.

Mr. Francesco Sorbara: Okay.

Mr. Frank Vermaeten: We can certainly get the precise number, if that would be helpful.

Mr. Francesco Sorbara: I think it would be helpful. I think it reflects the integrity and the robustness of the system and, frankly, the honesty of Canadians—whether they were eligible or ineligible, whether they were moved to a new program or whether they actually in fact rebegan employment—because of the way the system actually worked. Frankly, I think it speaks to how robust the program was.

Also, in terms of the era of digitization, we spoke to that—I know that Mr. Sabia has left—in terms of the way the CRA had to pivot from collecting taxes and funding government services and programs to actually deploying proceeds or benefits to Canadians. How easy or how complex was that pivot? In your view, how does it speak to future programs, potentially, and to what people speak to, such as a digital ID? Just how complex was that pivot for the CRA?

Mr. Bob Hamilton: There are two points that I would make.

One, even before the pandemic we had experience with delivering benefits for the government such as the child benefit and the GST credit.

It wasn't completely foreign territory to us. We have a very significant benefits delivery part and we deliver a number of provincial benefits as well. In that sense, the pivot wasn't as big as you might think it was, but I think the particular nature of this program and the speed with which it had to be implemented were indeed unique. We had to do a lot of very fast thinking about how we could build a whole new system—because we didn't already have this benefit—to deliver these programs, and then, as we talked throughout this conversation, there was the issue of how much could we rely on upfront validation versus our normal compliance at the back end.

Mr. Francesco Sorbara: Thank you, Mr. Hamilton.

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

Colleagues, it's 1:05, and some of our colleagues indicated they would not be able to stay past one o'clock.

I am going to test the room and see if in fact you are able to stay until 1:30. I think we have secured our technicians until then. If not, colleagues, I am somewhat reluctant to move ahead without our colleagues being able to participate. I certainly will adhere to the will of the committee.

Go ahead, Mr. Green.

• (1305)

Mr. Matthew Green: I am somewhat disappointed that we lost out on the deputy minister from the Department of Finance. I feel that some of my questioning around their analysis and how they got to decisions would be important to my better understanding this report overall.

I'm curious whether there are other staff members from the department who could answer. I see that the video was off for—oh, there we go; you're still there.

Okay, never mind. We're good. I'm sure we can get adequate answers.

The Chair: Colleagues, are we prepared to continue for the next 15 to 25 minutes?

[Translation]

Mr. Luc Berthold (Mégantic—L'Érable, CPC): Madam Chair, I would like to ask a question.

[English]

The Chair: Yes, Mr. Berthold.

[Translation]

Mr. Luc Berthold: Will we meet in camera at the end of the meeting to organize the committee's work, or are we only talking about the question and answer period with witnesses?

[English]

The Chair: I do not believe that there was an in camera portion scheduled for today.

[Translation]

Mr. Luc Berthold: Okay. I will have to leave, but my colleagues will be there.

Thank you.

Mr. Greg Fergus: Madam Chair, I managed to move my appointments around, so I can stay until 1:25 p.m.

[English]

The Chair: All right.

Go ahead, Mr. Blois.

Mr. Kody Blois: Madam Chair, I was unable to so I have to leave in 10 minutes.

In terms of coverage, I can either try to work with the whip's office or...hopefully we don't have any votes and it won't be necessary and we can carry on.

The Chair: All right. Thank you, colleagues. We will continue on with the line of questioning.

We will move to the next round, which is six minutes.

Mr. Berthold, you indicated that you had to leave, but you are the next speaker. Did you want to continue with your questioning?

[Translation]

Mr. Luc Berthold: Mr. Lawrence will do it, Madam Chair.

[English]

The Chair: All right. Thank you.

Mr. Lawrence, you have six minutes.

Mr. Philip Lawrence (Northumberland—Peterborough South, CPC): I just want to assure Mr. Blois that if he deems coverage necessary, that's fine. However, on my honour as a member, I will not be calling a vote in the last session, nor will anyone from our party, in the true spirit of public accounts. He can leave and rest assured.

I want to go through a specific case because I think it's actually emblematic and symptomatic of a bunch of things that went wrong. All that being said, I want this to be based on my knowledge that civil servants worked extremely hard and that a lot of these people on this call worked around the clock to make this happen. However, I want to express the challenges faced by a constituent.

This constituent applied for the CERB because based on the communications, he thought, as many did, that he was eligible. It turned out, due to a technicality, that he wasn't eligible. His accountant actually informed him of that. It wasn't through audit or otherwise.

He went to the CRA website—he has it all documented—three separate times, and three separate times, the CRA website was down. He finally gave up and said, “I'm going to do my duty as a citizen and make sure this money gets back before the end of the year.” He then went to the bank, where he was told, “Oh, yeah; you just pay that to ESDC.” He paid it to ESDC, and then he got a nasty letter from CRA saying he wasn't eligible to get this money, he hadn't paid it back, and he had to pay it back now. On top of that, they were taxing him on that money. He then contacted ESDC and said, “I want that money back, please. I told CRA I paid it, but it's at ESDC.”

ESDC has no idea. We're now in week eight of trying to get that money back. We've had no response. I've personally talked to two or three different civil servants. He has talked to about 15 different civil servants. He has called the CRA more times than you can imagine. He's been put on hold for hours and he's been hung up on multiple times.

I bring this to your attention because there are a number of challenges. At one point, the official laughed and said, “Oh, there are thousands of people with that problem.”

He's tried to do the right thing all the way along. He handed \$14,000 to the government and it won't give it back to him. Could someone from either the CRA or ESDC comment on that, please?

Mr. Cliff C. Groen: Thank you for the question. I'll go first, and maybe colleagues from CRA would follow

I very much regret to hear the challenges that your constituent has gone through. Certainly we try—and in the vast majority of situations are able—to provide very timely service to Canadians. That is what we are here for. I sincerely regret hearing in particular about your constituent. Perhaps through the committee you would be able to provide us with the specific name of that client. I can absolutely commit that we will follow up directly with him to try to address his situation as quickly as possible.

• (1310)

Mr. Philip Lawrence: Thank you. I will do so. Obviously I didn't want to share it publicly, but I will share it with your agency.

The second part of it is that we know there is some negligence—I would suspect there is a lot—and maybe some fraud as well in there. What is the recovery rate we are targeting? From the Auditor General and from the agencies, how much of the CERB money are we estimating that we will recover?

Ms. Karen Hogan: I guess I can go first and then hand it over.

I want to say that it's my job to be concerned about the use of public funds. I'm always concerned when payments are made in error. I acknowledge, however, that the pandemic complicates this situation.

The decision on when and how to collect is one that the government needs to make, but I believe that there should be a follow-up and action should be taken. This is why we will go and audit the efforts of both the Canada Revenue Agency and Employment and Social Development Canada in that respect.

With that, I'll hand it over to one of the deputy ministers to talk about expectations.

Mr. Bob Hamilton: I'm happy to go first, Madam Chair.

In response to the question, what would say is that I don't have a particular recovery rate in mind at the moment. However, as the Auditor General has said, we also care very much about good use of public money. We will be looking to make sure the money went to the appropriate places.

On the question just raised about timing, the other thing we have to keep in mind as we identify cases in which the money might have gone to the wrong place is that our compliance efforts need to be sensitive to the situation people are in right now. We need to operate not only in the right way but also in a way that recognizes the sensitivity of the economic situation that families are currently facing. We'll be balancing that as we go forward.

We will also be looking to make sure—as we always do—that on the back end, we verify and identify where things may have happened inappropriately, and we'd look to correct them.

Mr. Philip Lawrence: Do I have any time left, Madam Chair?

The Chair: Yes. According to me, you have a minute and 45 seconds.

Mr. Philip Lawrence: That's perfect.

I understand the sensitivities, especially for many who, through no fault of their own, just didn't understand it, or when there were miscommunications. I understand that, and I quite frankly agree with you that we want to be sensitive to that issue.

My challenge, though, is with those who are fraudulent. Hopefully there weren't that many of them. We're now a year in, and we have no idea how many fraudulent claims may have been made. I'm not talking about the person who misunderstood or the single mom trying to get by; I'm talking about the fraudster who may be a part of organized crime. Do we have any idea how many of them took CERB or what the leakage is there, a year into this?

As I said, in the case of the average Canadian who got confused, I certainly understand your sensitivity and I would actually encourage that, but for those who actually took it wilfully and took advantage of it, do we know how many people are out there and what steps we are taking to recover that money?

Mr. Bob Hamilton: I think the one thing we need to keep in mind is that, as you say, a year has gone by, but we actually still don't have all of the information on whether somebody qualified or not.

For example, the rules included that in the previous tax year or in the 12 months preceding 2020, you had to have earned \$5,000 or met the requirements. We are just now receiving people's tax declarations for 2020, so it's really that process that will identify for us how many people looked as though they didn't qualify based on 2019 tax data but, as it turned out, did, because something happened in 2020 that made them eligible.

That's what makes it difficult. What we are trying to do in terms of controlling fraud, in cases in which it looks as though there's something suspicious, is to lock accounts and prevent the money from going out, so we are taking actions along the way, but we're really going to get a big swath of information in the coming weeks that will help us determine what happened.

• (1315)

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

We will now move to Mr. Fergus for six minutes.

[*Translation*]

Mr. Greg Fergus: Thank you very much, Madam Chair.

I would also like to thank all the witnesses who have appeared today.

Like a number of my colleagues from all political parties, I would like to thank these representatives of the Canadian public service for the exceptional work they have done, in unusual and impossible circumstances, to create two programs from scratch, from home rather than at the office. They quickly adopted a framework that makes it possible to recover money after the fact. On my own behalf, on behalf of my constituents and on behalf of more than 9 million Canadians who have benefited from the CERB, I thank them for their outstanding work.

Ms. Hogan, you talked about international standards that now apply to exceptional circumstances such as a global pandemic.

Can you tell us more about those standards? What are their highlights?

Ms. Karen Hogan: Yes, of course.

I referred to internationally recognized best practices in emergency situations such as a pandemic. Those are practices that strike a balance between the provision of timely support and risk management. Emphasis is placed on post-payment verifications, and a certain level of risk is accepted to expedite the provision of support.

Usually, verifications are carried out beforehand to properly determine an applicant's eligibility for a specific program. In crises or emergencies—for instance, in a pandemic—certain verifications are carried out beforehand, but the primary focus is on post-payment verifications. That is the situation we find ourselves in right now. Post-payment verifications sometimes require tremendous efforts, but it really depends on the program.

Mr. Greg Fergus: Thank you.

My next question is for you, Mr. Flack. Your department has done an outstanding job.

When talking about those post-payment verifications, you acknowledged that there was an overlap between the two programs. However, given global spending, it was indicated the overlap was limited to 1% of the value of payments made to Canadians.

Can you give us a better context of the work you have done, to assure us that it was only 1%?

Do you think you have met the criteria of those international standards by limiting the overlap to a percentage as low as 1%?

Mr. Graham Flack: I want to begin by specifying where those international standards come from. Those who are familiar with the national security and intelligence field know about a group called Five Eyes. However, there is also a similar group focused on fraud, and our department is its member along with the United States, the United Kingdom, New Zealand and Australia.

We established those principles to guide us in emergency situations. Basically, we followed Australia's experience during the big fires, when they were in a crisis and traditional methods could not be used to verify people's identity. There are very clear principles to reduce friction in the beginning out of necessity and then to make those verifications afterwards.

Here are a few concrete examples. We needed two different payment trails—one at the Canada Revenue Agency and the other one at Employment and Social Development Canada. We knew from the outset that automatic adjustment was impossible. However, after the first week, we were able to compare lists and block some individuals from one list or the other list. In addition, before making a payment, we would ask people to show their income. That is another good example.

• (1320)

[English]

The Chair: Thank you very much, Mr. Flack. We are over time.

I will now move on to Mr. Blanchette-Joncas for six minutes.

[Translation]

Mr. Maxime Blanchette-Joncas: Thank you, Madam Chair.

I'm continuing my previous question, and I would like to address Ms. MacDonald.

Your department provided an essential support measure program, which includes the Canada Emergency Response Benefit. I think that it normally should have applied to essential workers.

So why were Service Canada offices closed while the offices of Quebec government public servants were still open to the public?

[English]

Ms. Lori MacDonald: Madam Chair, I think it's important for context to understand that while the pandemic was unfolding, we were seeing significant lineups outside our Service Canada centres and we were seeing people come in ill. We were having to close our offices. A number of factors had a negative impact on our capacity to deliver services.

We made a decision to close our doors but to keep our staff working because we needed to continue to process applications as the pandemic was unfolding. At the same time, we looked very quickly at how could we give alternative service delivery to Canadians when our doors were closed, so we developed two new service models.

First, people could contact us online and fill out a form, and then we would return a call to them within 48 hours.

Second, we put a toll-free number in place, particularly for rural and northern areas. People could contact us through this toll-free number and we would call them back and provide the service to them online.

We continued to work behind our closed doors. We gave alternative service delivery models. These were available across the country so that we could continue processing and provide services while keeping in mind the public health safety prerogative we had at the time.

At the same time, while our offices were closed we took safety measures, working with our labour partners and our occupational health and safety committees, to put in place Plexiglas, appropriate distancing measures and security requirements to be able to open our doors again and welcome Canadians back into our Service Canada centres. We did this in about 70 days.

[Translation]

Mr. Maxime Blanchette-Joncas: Ms. MacDonald, I would like to understand something. Service Canada complies with public health guidelines, including those issued by the Government of Quebec. The Government of Quebec decided to keep its public service offices open, but the federal government decided that this did not follow health measures. I am trying to understand the logic of this reasoning.

[English]

Ms. Lori MacDonald: Thank you for the question.

We were respecting health measures. At the same time, we were trying to manage the fact that we had millions of people coming on to EI to access our services. While we were trying to do that, we were trying to continue to work, but we were also having to close our offices because we had people coming in who were ill. We were required to close our office and do massive cleaning. We were having security incidents. With our capacity to manage a number of different factors while we were trying to still deliver services, we took a decision to close our office doors and continue to do our work. We put a model in place that allowed us to meet the needs of Canadians, and in fact it allowed us to meet the needs of millions of people who were looking to collect EI. We had to manage that in terms of processing applications and providing services through our call centres.

A number of factors came into play. We continued to provide services. We put new safety measures in place in our offices. We were closed for about 70 days. We opened those office doors back up again, and we continue to be open to this day.

• (1325)

[*Translation*]

Mr. Maxime Blanchette-Joncas: Ms. MacDonald, why have Service Canada offices in areas most at risk, in large urban centres, been reopened?

In July, you announced the reopening of offices in Gatineau, Montreal and Quebec City, which had the most COVID-19 cases, while there weren't many in rural regions.

If this is a matter of health and safety, why were employees put at risk by reopening offices in regions with the most COVID-19 cases?

[*English*]

Ms. Lori MacDonald: In fact, we put the same measures in place across the country, regardless of whether it was an urban centre or a rural area. We have approximately 317 offices. Of those, about 150 are very small offices with four people or less. One of the problems we faced was that many of our employees are young mothers who have children. As a result of schools being closed as a result of the pandemic, we couldn't open our offices because we couldn't meet the safety and security standard in terms of having enough people available to work.

Because we wanted to continue to have people working—and they were working at home—it was more effective and efficient from a processing perspective to continue to have our staff work at home while our offices were closed. At the same time, this allowed us to meet the health and safety needs of our offices.

As an example, we have a requirement to have at least two staff available in the office at any given time—

[*Translation*]

Mr. Maxime Blanchette-Joncas: Ms. MacDonald, I am trying to understand something. Today, on April 15, 2021, 18 outreach sites are still closed in Quebec. Why?

[*English*]

Ms. Lori MacDonald: We have not re-established our mobile offices, partially because there are a number of stay-at-home orders,

so we can't travel into those areas. It's also partly because we set up an alternative service delivery model so that those services can still be provided to those areas without staff physically going to those offices.

Of course, as the third wave comes to an end and as we're able to get back into those communities, we will re-establish our mobile services. At the same time, I have to reinforce that those services are available today, either online or through a 1-800 toll-free number.

[*Translation*]

Mr. Maxime Blanchette-Joncas: Ms. MacDonald, I would like to describe to you the situation on the ground in my riding.

People have to drive for two hours to reach a Service Canada office. So they must make a four-hour return trip. Is it more logical to move one or two employees from an office or to make some 50 people travel to an office in an urban centre? That is my reasoning.

As I said earlier to your colleague, not everyone has access to the Internet or wants to apply over the telephone. Some expect to receive in-person service. So I don't understand why Service Canada has still not implemented effective measures after one year.

[*English*]

The Chair: Thank you very much, Mr. Blanchette-Joncas. We are well over time.

I will now move on to Mr. Green for six minutes. Mr. Green will be our last questioner.

Mr. Matthew Green: My friend from Quebec has been on this for quite some time. For the sake of his constituents, I want to allow the opportunity for the answer to be given.

Ms. Lori MacDonald: At this time, we have 317 Service Canada centres, of which 315 are open. We do have capacity at this time for Canadians to access an open Service Canada centre. In fact, 90% of the Canadian population can access an open Service Canada centre within 50 kilometres today.

In addition to that, we have two alternative service delivery models. Anyone can pick up a phone and phone our 1-800 toll-free number to have us assist them over the phone to fill out their application. We will help them fill out their application regardless of the service that they require, and we will call them back within 48 hours to finish that service with them.

At the same time—

Mr. Matthew Green: Okay. I hope that provides at least some insight in terms of how you've been able to pivot across the country, but I know that my friend from the Bloc is very passionate about this and I wanted to make sure he got the answer.

You'll note from my earlier interventions that I am trying to better understand the calculations, the formulas, the labour economics and economic theory that led to some of the outcomes that we've had. I asked about how Finance Canada had analyzed the impact of the proposed changes of the CERB on the labour supply and the incentive to return to work.

I recall my time at Acadia, doing economics there—not very well, but doing them—and trying to get a sense for how this is also used in other places, such as in the way we legislate people into poverty through low minimum wages, inadequate social assistance, inadequate disability supports and a push-and-pull into the economy. It feels like there is some of this calculus being done.

According to the OAG, Finance Canada has analyzed the interactions between the CERB and the wage subsidy. I am wondering how much interaction there was between the benefit and the subsidy—the back and forth, the push and pull of labour economics.

• (1330)

Ms. Michelle Kovacevic: We certainly did do analysis on the interaction between the CERB and other business supports, including the wage subsidy, as you mentioned. I don't have that at my disposal. It is my tax colleague who does that, but he'd certainly be happy to submit that to you.

Mr. Matthew Green: If I may, then, I'll ask what criteria were used to measure the level of support provided by the benefit and the subsidy respectively.

Ms. Michelle Kovacevic: I can't speak to the subsidy, but I can certainly speak to the CERB.

When we started this, of course the Department of Finance's interest is costing and funding, not surprisingly, but I would say we ran the gamut of analysis right from the get-go with our partners at ESDC and CRA. In terms of the design, the tool, as Graham said earlier, we looked internationally—the U.K., France, New Zealand—at what other people were doing for income supports, for business supports.

Then we looked next at what it made sense to do in an income support for people. Given that we are going to see people being basically ordered to stay home because of the public health crisis, what was a reasonable threshold of income to give? Why not \$1,000, why not \$200? That was—

Mr. Matthew Green: It started with \$900, and somewhere an analysis was made that people couldn't survive on \$900. I note that, because in Ontario our social assistance is somewhere around \$720. We are legislating people into poverty.

I have a question for you that's around the way in which we dealt with supporting Bay Street and big banks. As you'll know, through the paper purchase buyback program, the Bank of Canada provided liquidity supports and quantitative easing to the tune of \$750 billion.

Was there ever a consideration within the Department of Finance to consider modern monetary theory in having sovereign debt financing for our social programs in the way that we bailed out big banks to inevitably loan us back this imaginary money, even at low interest?

Ms. Michelle Kovacevic: That's a loaded question. Thank you.

I am not aware of that kind of analysis specifically, and certainly that is nothing that I have personally touched over the last year while we were dealing with the CERB, so I am not really qualified, and I barely understand the scope of that kind of analysis. However, I am happy to take that back and give the member a more informed response.

Mr. Matthew Green: We've had audits, and members of this public accounts committee will recall these questions that I put to the Parliamentary Budget Officer. These are things that have been applied loosely: We've sent \$750 billion to big banks and Bay Street, but just \$100 billion to workers, and \$100 billion to debt financing, as we've seen referenced here so frequently in the House and in our committees.

I am just wondering if the finance department has looked at sovereign abilities through monetary theory to finance our own social programs so that we're not giving money to big banks to allow them to lend it back to us.

The Chair: Give a very short answer, please.

Ms. Michelle Kovacevic: My answer is the same, sir. With respect to the CERB, I can speak to the analysis we did for income supports to Canadians who needed them, but your bigger question, which is important, is something that I'm not really qualified to answer. However, I'm happy to take that away.

• (1335)

Mr. Matthew Green: Now that it's on the record, I do appreciate your taking that question away.

Thank you for the time, Madam Chair.

The Chair: Thank you very much.

Colleagues, it is past 1:30. This will bring our meeting to an end.

I want to thank all of you and our witnesses for being gracious enough to extend your time so that we could get all of the questions in that our members had for you today. I want to thank you for being here.

I want to remind our members that the meeting on Tuesday next will be on report 8, "Pandemic Preparedness, Surveillance, and Border Control Measures".

With that, is it the committee's will that we adjourn the meeting?

I see thumbs up.

Thank you very much, and enjoy the rest of your day. The meeting is adjourned.

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