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Chair: Mr. Peter Fonseca



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• (1100)

[*English*]

The Chair (Mr. Peter Fonseca (Mississauga East—Cooksville, Lib.)): I call this meeting to order. I hope everybody is doing well and wasn't affected too much by the windstorm over the weekend in this area.

Welcome to meeting number eight of the House of Commons Standing Committee on Finance. Pursuant to the House of Commons order of reference adopted on December 2, 2021, the committee is meeting on Bill C-2, an act to provide further support in response to COVID-19.

Today's meeting is taking place in a hybrid format, pursuant to the House order of November 25, 2021. Members are attending in person in the room and remotely using the Zoom application. The proceedings will be made available via the House of Commons website. The webcast will always show the person speaking rather than the entirety of the committee.

Today's meeting is also taking place in a webinar format. Webinars are for public committee meetings and are available only to members, their staff and witnesses. Members enter immediately as active participants. All functionalities for active participants remain the same. The staff will be non-active participants and can, therefore, only view the meeting in gallery view.

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

Given the ongoing pandemic situation and in light of the recommendations from health authorities as well as the directive of the Board of Internal Economy on October 19, 2021, to remain healthy and safe, all those attending the meeting in person are to maintain a two-metre physical distancing and must wear a non-medical mask when circulating in the room. It is highly recommended that the mask be worn at all times, including when you are seated. You must maintain proper hand hygiene by using the hand sanitizer provided at the room entrance. As the chair, I will be enforcing these measures for the duration of the meeting, and I thank members in advance for their co-operation.

To ensure an orderly meeting, I would like to outline a few rules to follow. Members and witnesses may speak in the official language of their choice. Interpretation services are available for this meeting. You have a choice at the bottom of your screen of floor, English or French. If interpretation is lost, please inform me immediately, and we will ensure that interpretation is properly restored

before resuming the proceedings. The “raise hand” feature at the bottom of the screen can be used at any time if you wish to speak or alert the chair.

For members participating in person, proceed as you usually would when the whole committee is meeting in person in the committee room. Keep in mind the Board of Internal Economy's guidelines for mask use and health protocols. Before speaking, please wait until I recognize you by name. If you are on the video conference, please click on the microphone icon to unmute yourself. For those who are in the room, your microphone will be controlled as it normally is by the proceedings and verification officer. When speaking, please speak slowly and clearly. When you're not speaking, your mike should be on mute. I remind everyone that all comments by members and witnesses should be addressed through the chair. With regard to a speaking list, the committee clerk and I will do the best we can to maintain a consolidated order of speaking for all members whether they're participating virtually or in person.

It is now my pleasure to welcome our minister. Minister Rodriguez is with us here today. He is accompanied by Isabelle Mondou, deputy minister of Canadian Heritage, and David Dendooven, assistant deputy minister of strategic policy, planning and corporate affairs.

Minister and officials, we thank you very much for making yourselves available to the finance committee.

Minister Rodriguez, you now have the floor for your opening remarks.

[*Translation*]

Hon. Pablo Rodriguez (Minister of Canadian Heritage): Thank you, Mr. Chair.

Good morning, committee members and colleagues.

First, congratulations on being elected and on being appointed to this important committee. I also want to thank you for inviting us to appear today to discuss our government's support for the cultural sector during the pandemic.

The hundreds of thousands of workers in the sector, including 158,000 professional artists, are vital to our economy and society. Our government has known this for a long time. We've always been there for them, and we'll always support our arts and culture sector and our heritage.

To understand the scope of all that has been accomplished, you must think back a bit to 2015. At that time, the cultural sector had just gone through a decade of budget cuts, and we said enough was enough. That's basically what we told Canadians. Under a Liberal government, our culture and our languages would be protected from now on. That's what we've done. As soon as we were elected in 2015, in the 2016 budget, we started to reverse the budget cuts.

• (1105)

[English]

One of the first things we did was to reinvest \$675 million in CBC/Radio-Canada. That same year, we announced the largest increase in history to the budget of the Canada Council for the Arts. We also invested in Telefilm and the Canada Media Fund. I could go on and on, Mr. Chair, but long story short, we made the biggest reinvestment in our culture in the history of our country.

When Canada began to feel the full impacts of COVID-19 in March 2020, the culture and heritage sectors were among the first and hardest hit. Many in the creative industry found themselves with little or, quite often, zero income.

[Translation]

We immediately understood that we had to help the cultural sector quickly. Time was of the essence and there wasn't a moment to spare.

I would now like to take the time to thank all the employees of Canadian Heritage and its portfolio agencies. Despite the pandemic and its challenges, they were able to quickly respond to the urgency of the situation.

[English]

We responded right away with a \$500-million emergency support fund for cultural, heritage and sports organizations. It was delivered in record time and protected many jobs. The results speak for themselves: 77% of people said it helped them stay in business, and 95% of them were satisfied with the speed of the program.

[Translation]

The Liberal team has always been an ally of the cultural sector. We said that we would reinvest, and we did. We said that we wouldn't leave anyone behind during the pandemic, and we kept our word. Now we're telling people that we'll be there to help them hang on until the economy fully recovers, because this hasn't happened yet. People in the cultural community across the country know that they can count on us.

It should be noted that, as a result of the plan implemented by my colleague, the Minister of Finance, our recovery is very strong. However, the recovery isn't equal for everyone. Not everyone is benefiting from it in the same way. I'm thinking in particular of self-employed workers in the cultural sector.

Even though most Canadians have acted responsibly by getting vaccinated and taking the necessary precautions, several sectors of the industry will need time to return to pre-pandemic levels. There's still a gap.

That's why, in the 2021 budget, we made a historic investment of \$1.93 billion to help the arts and culture sector join the recovery. I think that's important.

We've created several emergency assistance programs to support our creators, our festivals and our various institutions.

[English]

Mr. Chair, once again, I could go on and on, but I don't think you want that.

Let me focus on what's ahead of us.

[Translation]

On January 31 and February 1, we'll hold a summit on the recovery of the arts and culture sectors. During this summit, we'll focus on medium-term and longer-term solutions and priorities.

We're working with the Deputy Prime Minister on a key commitment in the Liberal plan presented to Canadians during the campaign.

We said that we would create a transitional program tailored to self-employed and independent workers in the industry. That's what we'll do.

We're currently working with artist associations, guilds, unions and all sector organizations to create the program as quickly as possible.

They're telling us—and I think they also told the committee—that this step is extremely important and necessary. They want it done quickly, but more importantly, they want it done right. This is my top priority at this time.

I'm relieved to hear my colleagues talk about this issue. During the election campaign, the Liberals were the only ones who talked about transitional support for self-employed workers in the sector. I must say that I was concerned.

Today, I'm pleased to know that my colleagues are asking the government to fulfill its own commitment. I can tell you that we'll do just that. This shows that we aren't alone. This is a good move for our workers and our culture.

I want to thank all my colleagues for their enthusiasm and support for our plans to help the cultural sector, our artists and our craftspeople.

In closing, I consider it important to take concrete steps and to act together.

• (1110)

[English]

In Bill C-2, there are very important measures for our arts and culture sector. For the hardest-hit organizations and for the people in the cultural sector, these are essential measures to help them pay up to 75% of wages and rent. This includes live performances and exhibits, museums, heritage sites, cinemas, festivals and others. Bill C-2 also contains measures that will help these organizations hire more people.

Our creators need it. They need the support provided in this bill right now. I know my colleagues from all parties are serious about supporting workers in the cultural sector, and I'm counting on them to make sure that Bill C-2 moves forward without any further delay.

[Translation]

On behalf of all our workers, everyone involved in culture, I'd like to ask my colleagues to quickly pass Bill C-2.

These people were there for us during the pandemic. They made us laugh, they sometimes made us cry, and they often made us think. We've been there for them too. Now it's time to take the next step together.

[English]

I will now take your questions.

[Translation]

Thank you.

[English]

The Chair: Thank you very much, Minister Rodriguez.

This is a vital sector for the economy and for our country. I know the members are looking forward to asking you questions, based on your remarks and on the ministry.

We are going to start our first round with the Conservatives. I believe it will be Mr. Nater who will be up for six minutes.

Mr. Nater, I know that you have probably subbed in or have been on this committee before, but as we get to the six minutes, I will give you a marker so that you'll know you have about 30 seconds left in your time.

Thank you.

Mr. John Nater (Perth—Wellington, CPC): Thank you, Mr. Chair.

Thank you, Minister, for joining us this morning. It's great to see you at this committee. Hopefully, you'll be at our heritage committee before too long. We would welcome the opportunity to see you there as well.

I want to start by following up on the emergency support fund for cultural and sport organizations. This was done very quickly, obviously, due to the dire situation of the pandemic. A lot of the funding went through the Canada Council for the Arts. I'm curious to know what safeguards are in place, what accountability mechanisms are in place and whether the department has engaged any in-

ternal or external review of that funding to ensure it's meeting the goals and objectives that were set out in the program.

Hon. Pablo Rodriguez: Thanks for the question, Mr. Nater.

You're right. We did move very quickly. Right at the beginning, we had our first \$500 million, then another \$281 million through the fall economic statement and then the budget of 2021. Some of that was provided directly through Canadian Heritage and some, as you said, through the Canada Council for the Arts, which is an organization that we're used to working with. It's part of our organization so it's natural for us to work with them, and there are internal mechanisms, as we work with them, to follow the funding and the money.

Mr. John Nater: Would you be able to share with the committee those mechanisms, those safeguards you have in place, so that we, as a committee, and other committees can be assured that the funding has gone where it's expected to go and that it has achieved its—

Hon. Pablo Rodriguez: Absolutely, with pleasure.

Mr. John Nater: Okay. We'll follow up on that off-line.

There certainly has been a lot of talk within the cultural and arts industry about the former Bill C-10 and your government's plan to reintroduce this at some point in the future. Originally, it was stated that it would be within the first 100 days. I'm curious to know if that is still the timeline and whether your government plans to table this legislation within the first 100 days of this Parliament.

Hon. Pablo Rodriguez: As you know, it is a priority for the government. We mentioned it during the campaign, and we maintain that as a priority.

As you know, Mr. Nater, that law has not changed since the beginning of... I still had black hair when we tabled and adopted that bill. A lot of us will remember that we would go to Blockbuster to rent a VHS cassette, which probably most of the time we would bring back too late and we'd pay a penalty on it. That was what happened at the time.

We have to modernize that because there are different systems, and we want to have one system in place that is fair for our Canadian broadcasters and also for the web giants—one system for all. What we're saying to the web giants is that if they participate in the system, they will contribute to the system. Yes, we will quickly bring forward a bill on broadcasting.

• (1115)

Mr. John Nater: Within the first 100 days...?

Hon. Pablo Rodriguez: It will be very quickly.

Mr. John Nater: Okay. Thank you, Minister. I do have to say that I probably still have late fees with Blockbuster that I haven't paid since high school, so I may singlehandedly be responsible for their downfall.

As you mention, and rightfully so, this hasn't been updated in some time. One of the challenges and concerns we've heard from digital first creators is that they weren't properly consulted on the first Bill C-10. We've heard that those primarily online, those primarily digital, were not consulted and were not brought into the process early enough—or at all—during the first process.

Would you commit to ensuring that digital first creators are part of that consultation, part of that development process, so that the new Bill C-10 doesn't leave out those people, those creators who are primarily online and digital?

Hon. Pablo Rodriguez: That's a very important point, and we are consulting very broadly. We are consulting people who, at the time, were opposed to that version of the bill. We're taking all of that into consideration.

Because it's such a priority, it has been a priority for me to be consulting since day one. I don't even know how many people I have consulted, but they're from all sides. It's very important, because that helps us understand exactly what is going on and how we can work on and table that new bill, but again, I'm sure you'll agree that it's a priority to modernize it. A lot of it has not been touched for 40 years.

Mr. John Nater: Yes. I was probably in elementary school when it was last reviewed.

To that end, and again, recognizing that when it was originally created and when the Broadcasting Act was last reviewed, YouTube and TikTok and none of these entities existed, there is a reality that times are changing. For the user-generated content side of things, obviously in the first iteration of Bill C-10, prior to committee, there was a clear exclusion for user-generated content. It was excluded. Within the committee process, proposed section 4.1 was amended. It was taken out so that protection for user-generated content was excluded. That obviously created a lot of concern within the community.

Would you commit to ensuring that, in the new Bill C-10, user-generated content from those people who are uploading their videos directly to a platform—I don't want to mention any particular platforms, but we all know the main platforms—would be excluded?

Hon. Pablo Rodriguez: You will have to wait until the bill is tabled later to know the details of the bill. What I can tell you is that it's coming soon and it's going to be a very good bill. I'm sure you will be satisfied with many sections if not all of the bill. Again, it's so important. It's for our creators. It's for the people who tell our own Canadian stories. We have to modernize it because the rules have changed. We watch television and TV series on this. Before it was a bit different. Television was a bit bigger and things were a bit more complicated. We have to adapt to that, and I think the changes we want to make to the Broadcasting Act are going to reflect the 2021 reality.

Mr. John Nater: Thank you, Mr. Chair.

The Chair: Thank you, Mr. Nater. That's your time.

We are moving to the Liberals and Ms. Dzerowicz for six minutes.

Ms. Julie Dzerowicz (Davenport, Lib.): Thank you so much, Mr. Chair.

I just want to warmly welcome you, Minister. I also want to welcome your officials and thank them from the bottom of our hearts for their extraordinary work over the last couple of years. We know how hard you've worked and we've been very appreciative of the supports you provided to the artists and to the cultural sector.

You mentioned, Minister, that we made a platform commitment around transitional support for the COVID program. I want to read it out for everyone, because I think it's important:

Implement a COVID-19 transitional support program to provide emergency relief to out-of-work artists, craftspeople, creators, and authors who are primarily self-employed or independent contractors.

I wanted to read that out because it's important for us to indicate that it was actually in our platform, that we've made a commitment to fulfill that and that we were the only ones to actually go out and do that.

Minister, I know you've indicated that you have started engaging with stakeholders on fulfilling this commitment. I've already had two round tables with my artists, and most of them are very grassroots. I wonder, Minister, if you could maybe talk a little more about what your process will be in engaging with the arts community regarding these ongoing emergency supports.

• (1120)

Hon. Pablo Rodriguez: Thank you very much for the question. You're right that we have been engaging with them, and it's so important to engage with them. Who am I to say, "Okay, this is exactly what you need"? They know better than we do what they need and what they're going through.

As I said, we've been there from day one, from 2015 to the beginning of the pandemic—when we came in with different programs—and then, in budget 2021, with almost \$2 billion. Even after all of that support, there are some people—mainly in the gig industry, the *travailleurs autonomes*—who are still suffering, people who have no more venues where they can sing and play and do what they do best. We need that transitional program. We promised it in the platform.

I've been consulting and I have here a list of people. I don't even know how many people there are, but I have been working with them. I'm thinking of my friends from the Bloc. We also met with the UDA and different organizations in Quebec. We met with AC-TRA. We met with the Creators Coalition and so many others.

We want to make sure we work with these foundations, guilds and unions, so that we are able to send the money directly to the people who need it.

Ms. Julie Dzerowicz: I appreciate your response. I would also encourage you to make sure you're meeting with many of the grass-roots organizations across the country as well. In my riding we have tiny theatres, dance companies and symphonies, and all of them are extraordinary. Often their voices are not necessarily represented by the largest groups. I hope I can get your commitment to also engage with them, Minister.

Hon. Pablo Rodriguez: Absolutely. I've been to your riding a few times. I had the chance to be invited by you when I was the minister of heritage—in my first phase.

Ms. Julie Dzerowicz: We're already planning your next trip, Minister.

Hon. Pablo Rodriguez: I will go there with pleasure.

You're right. Sometimes in smaller organizations they do things that are absolutely incredible in small venues. Again, I was speaking with my colleagues from the Bloc about a place where we helped finance the lighting system. There are 80 seats in that place, but it has a huge impact on the whole region.

Yes, we'll be consulting with them.

Ms. Julie Dzerowicz: Thank you.

I was really pleased when you highlighted in your opening remarks that Bill C-2 already has a lot of support for artists and those in the cultural sector. It was important for you to point that out, because when we have these debates in the House, people often forget that there is actually quite a bit of support there.

I have a question for you. Why do you think it's important to have so many different funding streams for arts and culture, and how have we seen these programs meeting the needs of workers and organizations?

Hon. Pablo Rodriguez: Thank you for the question.

We've seen it right from the start in helping to maintain jobs. For example, what Bill C-2 is doing is still helping those industries with the wage subsidy and the rent subsidy. This applies to the cultural sector, one of the sectors that was the most hit by the pandemic. When you think about it, after the tourism sector, I think it's the cultural sector that's been the hardest hit. It's there, through those programs, to help the organizations and associations.

What we're also trying to do directly through my department is to help the self-employed through direct funding. This is what we're working on at this moment with the foundations, guilds and unions.

The Chair: That's your time, Ms. Dzerowicz.

Ms. Julie Dzerowicz: Thank you very much.

Hon. Pablo Rodriguez: Thank you.

• (1125)

The Chair: We'll now move to the Bloc and Monsieur Champoux.

[*Translation*]

Mr. Martin Champoux (Drummond, BQ): Thank you, Mr. Chair.

Thank you for joining us today, Minister Rodriguez. I also want to thank your esteemed colleagues. As my colleague said earlier,

they do an excellent job at the Department of Canadian Heritage. We always greatly appreciate your efforts. We hear nothing but good things about you.

Minister Rodriguez, you spoke earlier about the programs that the government has implemented to assist the cultural sector since the start of the pandemic. Last year, at the Standing Committee on Canadian Heritage, we conducted a study to understand how the pandemic was affecting the cultural community in particular. The study found that the programs in place were helping the cultural community, but that the money wasn't getting to the self-employed workers and the artists. In other words, the industry, production companies and theatres were receiving assistance, but the artists, self-employed workers and technicians weren't obtaining any of the money and assistance that they needed.

As you know, the figures are quite alarming, and we're noticing this more and more. That's why we specifically asked for the continuation of assistance programs such as the Canada recovery benefit, or CRB, for the hardest-hit sectors, including the cultural sector. Obviously, we saw that self-employed workers in the cultural sector aren't covered by Bill C-2. I have a question for you, Minister Rodriguez, but it could also be addressed to the deputy minister.

When did you find out that the cultural sector, artists and self-employed cultural workers wouldn't be protected by Bill C-2?

Hon. Pablo Rodriguez: We've always known that there was a significant need in the cultural sector. However, as you already know, Mr. Champoux, we sometimes help artists through various programs such as the Canada emergency wage subsidy, or CEWS, because these programs enable them to keep their jobs.

You rightly referred to self-employed workers. We'll help them by creating a program to supplement Bill C-2. This bill will help organizations, cultural businesses and so on. However, at the same time, we don't need a bill to implement our plan, because we'll use existing programs. We're working with the Union des artistes, or UDA, and others to quickly put together a program that will help self-employed workers by giving them money directly.

Mr. Martin Champoux: I'm glad you brought that up because last week, at this committee, we heard from the president of the Fondation des artistes, Mr. Laperrière. The next day, we also met with the president of the UDA, Ms. Prigent. They each spoke about the urgent needs.

I want to provide a clear picture of the current state of affairs in the cultural sector. Ms. Prigent testified that it was customary, two or three times in any given year, for the executive committee to consider a request from an artist who wanted to withdraw money from their RRSP, which is funded by their UDA fee. At this time, the executive committee is looking at two or three requests at each meeting, or every two weeks. It's awful to see that self-employed workers must use funds from their pension, which they build over the course of their career. That's the current state of affairs.

Last week, we spoke about what the Quebec department of culture and communications has done through the Fondation des artistes. It has given funding to the foundation to help artists in need. The foundation also came to talk about its accountability mechanism, reliability and transparency.

Are you recommending a model that mirrors what Quebec has done to support artists?

If not, would you consider this type of model?

Hon. Pablo Rodriguez: Thank you for the question, Mr. Champoux.

I met with UDA representatives last week. I believe it was on Friday. We had an hour-long discussion about this specific issue. We're exploring the model. It's important to work with organizations such as the UDA, and especially with that organization, given its experience in this area, on the Quebec government side. I had a long discussion with Ms. Prigent. Several people whom you know well were at that meeting. We looked at the model implemented in Quebec.

We'll certainly continue to work with all these people, as well as with others, obviously, since it's a pan-Canadian program, to explore different ways to make sure that the money goes directly to self-employed workers, because they know these workers very well. They work with these workers every day. We're certainly exploring this.

Mr. Martin Champoux: Another issue has come up again, although it isn't necessarily part of the urgent program that you'll be implementing. I would like to emphasize the word "urgent," a somewhat editorial statement, to say that we must hurry.

Self-employed cultural workers, who are often artists, aren't eligible for employment insurance. That's why we're hearing more and more in the cultural community, in the community of artists and performing arts workers, that there may be a need for a sustainable system, a permanent assistance program to compensate for the lack of employment insurance eligibility.

Could there be some type of program for artists going through a slump?

• (1130)

Hon. Pablo Rodriguez: Good question. It should also be addressed to my colleague, Ms. Qualtrough, since there are obviously discussions on employment insurance reform.

Certainly, given their lifestyle and work, these people are more vulnerable to fluctuations. We're aware of this and we must be there for them. We must look at the different mechanisms. However, the mechanism that interests us at this time is the one specifically iden-

tified in our platform: temporary and transitional assistance for self-employed workers.

Mr. Martin Champoux: Thank you.

Hon. Pablo Rodriguez: Thank you.

[English]

The Chair: Thank you, Monsieur Champoux. That's your time.

We will move to Ms. Blaney of the NDP.

Welcome, Ms. Blaney. You have six minutes.

Ms. Rachel Blaney (North Island—Powell River, NDP): Thank you, Chair.

Thank you to the minister and his officials for being here today to talk about this very important issue.

I'd like to follow up a bit on what my former colleague spoke about. We know that the arts, culture and heritage sector represents about 673,000 jobs in the Canadian economy. They're important jobs. The government has also really made it clear that Bill C-2 is the last set of pandemic income supports they will be offering.

We know that the arts and culture sector is one of the last to recover. Do you know around how many arts and culture workers were still using the Canadian recovery benefit on October 23?

Hon. Pablo Rodriguez: We know, as you mentioned, that before the pandemic, there were about 678,000 workers. It went down to about 606,000 workers, so about 70,000 workers are left. Some of them, though, can benefit from the different programs in Bill C-2, and some of them are independent.

[Translation]

I'm talking about self-employed workers.

[English]

What we're doing within Canadian Heritage is to help those independent workers, but to answer your question, 70,000 jobs were not recuperated.

Ms. Rachel Blaney: Okay.

We know that the CRB will be replaced by the Canadian worker lockdown benefit. However, a key difference in the programs is that, to qualify for the CWLB, a region needs to be in lockdown as outlined by the criteria in the legislation. Do you know of any region in the country where workers, including workers from the arts and culture sector, qualify for retroactive payment—basically, from October 24 to the present day—under the CWLB?

Hon. Pablo Rodriguez: I don't have an answer to that question. I can tell you that the program we're working on at this moment is independent of the region, independent of whether you're in lockdown or not. At Canadian Heritage we're putting in place a transitional program to help gig workers, to help self-employed workers. That can be in any region whether it is in lockdown or not.

Ms. Rachel Blaney: If you don't have the specific answer to the question today, is there any way we could get information about that in the future, specifically around that backlog and going back to see if it's paid retroactively?

Hon. Pablo Rodriguez: Yes.

Ms. Rachel Blaney: Okay, so we have a commitment.

Hon. Pablo Rodriguez: Yes, of course.

Ms. Rachel Blaney: Thank you.

I hear what you're saying, but I see a lot of gaps in the service. I'm really worried about what that impact will be on this particular arts, culture and heritage sector.

Could you talk to the committee about how your department was consulted about the structure of income supports in Bill C-2 in order to best serve the workers in this particular industry?

Hon. Pablo Rodriguez: We had many discussions with finance, of course, to make sure that the cultural sector would be included. This is why associations, groups and cultural businesses will have access, as you know, to what's provided by Bill C-2—the wage subsidy to 75%, the rent subsidy and in any other event, in case of lockdowns, the rest of Bill C-2.

We're going one step further internally. You don't need legislation for that. We have the programs to do it. We will go one step further to make sure that we're there for our independent workers.

• (1135)

Ms. Rachel Blaney: I hear that you're going to go one step further, hopefully, but we know there are workers in the arts and culture sector who were on the CRB who are now cut off. How are they expected to live? Right now it seems like you're having some ideas and plans about what that's going to be like, but the impact is today and those workers today are being impacted.

I believe, and I think the whole of the NDP agrees, that these are not people who do not want to work. It's the fact that they work in an industry that is very slow to recover, and they are doing the best they can. They offer important services to our society, and people want to make sure they are still there when COVID is over.

How are they expected to live during the interim if they can't access any of those programs anymore and if you're still, as a department, in a place of thinking about it? What do we offer to those folks right now who are left in a huge financial lurch?

Hon. Pablo Rodriguez: We're not just thinking about it. We're actively working on it. It's just that I cannot announce it today, but it's going to come very soon because as you said these people are doing extraordinary things.

I said it before that, during the pandemic, they have made us laugh, sometimes cry and reflect all the time. I always say to think

of one day, just one day, without music, television, books, papers—everything. It would be freaking boring.

We have always been there for them, and we will be there for them.

Ms. Rachel Blaney: Okay, but it still doesn't answer the question. How do those people survive right now when they're waiting for this announcement? How long will they have to wait for this announcement, because financially they're struggling right now?

Hon. Pablo Rodriguez: We're moving quickly, but through Bill C-2 you also have money that is going to the organizations and cultural businesses so that they will be able to keep those people. That is touching a lot of people in the cultural industry. For those who are not touched by this, there is the program that we're talking about that is coming very soon.

Ms. Rachel Blaney: Thank you.

The Chair: Thank you, Minister.

Ms. Blaney, that's your time.

Minister, we are moving into round two. We are going to start off with the Conservatives for five minutes.

Mr. McLean, you have the floor.

Mr. Greg McLean (Calgary Centre, CPC): Thank you, Mr. Chair.

Minister Rodriguez, welcome to the finance committee.

The first question I have is about the accountability measures in this legislation we're talking about in relation to the CERB benefits that have gone out already being about 80% more than originally budgeted by the government.

We have an extension here of seven months, allegedly \$7.4 billion in extra spending, but that extension can actually be nine months. Let's call it nine and change of excess spending. That's more spending that we're going to be doing to address these matters without any accountability mechanisms built around them and, indeed, no definitions around some of the retrospective applications and how they're going to be applied here.

In addition, you have the extension of time this program is available until 2026, so an extra two years. That's allegedly seven months more of benefits, but two years more of applicability.

Can you see that one might question why there's a lack of accountability in the definitions in this legislation?

Hon. Pablo Rodriguez: I'm sure those are some of the things that you discussed with the finance minister, because as heritage minister I can tell you that we know the cultural industries we're working with. We know the organizations that are receiving the money. We have this tradition of working with them and also with the mechanisms that exist for accountability, so I don't see it as a problem for the cultural sector at all.

Mr. Greg McLean: Okay. Thank you, Minister.

This bill has been rushed here. Let's accept that. You are the previous government House leader. Tell us how government makes the decision to hold Parliament back for months and then arrives with legislation this important to the support it's supposed to give to key industries, hoping it can push it through Parliament and this committee with very little time to look at it and address how it actually can better serve the constituent parts it needs to meet. Tell us about the political calculus versus the accountability here.

Hon. Pablo Rodriguez: I don't think there's political strategy here. I think that, because of the pandemic, we had to react quickly quite often. You mentioned that I was House leader. I've negotiated things and urgent matters with Ms. Bergen, with Mr. Deltell, and the same thing with Mr. Therrien and with Peter Julian, and others.

This is, in a way, the new reality, where you're in a pandemic and you sometimes have to create programs very quickly that didn't exist before and maybe won't exist tomorrow. That's what we're in.

• (1140)

Mr. Greg McLean: Thank you, Minister.

I have one final question for you, so I might let you off a little early here.

Given all the CERB fraud and benefit fraud we've seen, and extensive allegations of advisers abetting those activities, would you support an investigation of COVID relief payments in parts of the country where the payouts from the pandemic programming appear to be relatively extensive?

Hon. Pablo Rodriguez: When the government puts those programs in place, they also put the accountability mechanisms in place. Doing something illegal is something illegal, and there are laws for that. If someone did something that was wrong, then justice is there and that person should pay the price. For the rest, I think the government was extremely careful throughout the whole process to make sure that there was accountability for what we were doing, even if sometimes we had to do things fast, collectively.

Mr. Greg McLean: Would you support the investigation in parts of the country—

Hon. Pablo Rodriguez: I don't think it's up to me to answer that question. What I'm saying is that, if someone did something wrong, you go after that person.

Mr. Greg McLean: But when it appears there's something going wrong based on where the payments have gone out disproportionately, would you support looking into that more thoroughly?

Hon. Pablo Rodriguez: I can't comment on appearances or hypotheses or things like that, so that's my answer.

Mr. Greg McLean: Thank you, Minister.

The Chair: Thank you, Mr. McLean.

We are moving to the Liberals, and we have Mr. Baker for five minutes.

Mr. Yvan Baker (Etobicoke Centre, Lib.): Thank you very much, Mr. Chair.

[*Translation*]

Thank you, Minister Rodriguez, for joining us today to answer our questions.

Before I ask my important question, I want to make a few comments about what my Conservative colleague just said.

[*English*]

I heard Mr. McLean lamenting once again at the committee that the government spent too much money in supporting Canadians, in support programs for Canadians. I can't help remind and underline, for all colleagues and for the people watching at home, a few things. One is that this pandemic has been unpredictable. The government has committed to be there for Canadians, to be there for businesses and to support them during a global pandemic, during a crisis. I think we've done what was required to have Canadians' backs.

The other thing is that I want to remind all colleagues that Mr. McLean and his colleagues voted for this funding. They voted for the funding that provided the support programs for Canadians. Once again, his question, just like last week's, suggests that the Conservatives believe—it doesn't suggest; it indicates clearly Conservatives believe—that the government spent too much to support Canadians and, had the Conservatives been in power, they would have not supported Canadians through this crisis.

[*Translation*]

That said, I'll now ask you my question, Minister Rodriguez.

What have you heard from the sector representatives and other organizations involved about the support programs in place since the start of the pandemic? Have these people contributed to the development of the programs?

Hon. Pablo Rodriguez: Thank you for the question, Mr. Baker.

We had many discussions with cultural sector representatives before, during and after the programs were implemented. In general, we were told that these programs were absolutely essential because they gave businesses the chance to keep people employed, work on recovery or stay open.

When you ask people to stay home, to not get together and to stay away from each other, the hardest-hit sector is inevitably the performing arts. This means plays and performances. We implemented concrete measures to help all these people. Overall, we're hearing that these measures have helped keep people employed or get people through this very challenging time. We'll continue to help them.

Mr. Yvan Baker: Have they contributed to the development of these programs?

Hon. Pablo Rodriguez: Yes, and I think that's one of the most important things.

Canadian Heritage is known for several things. However, one of the most important things is that it conducts many consultations. It does so brilliantly.

The employees know their files well. That said, no one in the department claims to know the situation better than the people who make their living from music or writing, for example. The department's employees ask people in the arts and culture sector about their day-to-day lives, and the employees work with these people by drawing on their expertise to develop the best possible programs for them.

Mr. Yvan Baker: While the pandemic isn't over yet, it's encouraging to see that we can begin to focus more on recovery, if I may say so. You said that the government will fulfill an election promise by holding an arts and culture summit early next year.

Why are you holding this summit now and what do you hope to accomplish?

• (1145)

Hon. Pablo Rodriguez: That's a very good question.

Canadian Heritage has been holding consultations throughout the pandemic. I don't want this summit to be seen as another consultation, because we have consulted before and we continue to consult. This two-day summit will follow a tour that I am doing as minister in different regions. This two-day summit will be used to share our solutions.

The world has changed completely, and in many cases this change is permanent. Some things will never go back to the way they were. The cultural sector has been significantly affected. We will find out which changes are temporary and can be adapted to quickly, and which are permanent structural changes. We will determine how we can together look at the cultural sector in the medium and long term.

Mr. Yvan Baker: Thank you very much, Mr. Minister.

Hon. Pablo Rodriguez: Thank you, Mr. Baker.

The Chair: Thank you, Mr. Baker.

[English]

Now we'll move on to the Bloc and Monsieur Champoux again.

[Translation]

Mr. Martin Champoux: Thank you, Mr. Chair.

Mr. Minister, you said in your opening remarks that your party was the only one that spoke of the urgency and importance of main-

taining support measures for the cultural sector. I have to correct you, because this has also been a Bloc Québécois hobbyhorse. I couldn't ignore that little jab.

Since you talked about it during your election campaign and we talked about it during ours, we can assume that you already knew that, with the end of the CRB, it would be urgent for the artists who benefited from it to gain some form of support.

We know that this is urgent, and we are very anxious for this support to be paid, of course. I imagine that this support will be retroactive. Is that the case?

Hon. Pablo Rodriguez: Yes, this support will take into account the situation.

However, since you took a jab at me, allow me to give you a little one. I've looked at your fiscal framework, which talks about health transfers and our seniors, but it doesn't include any money for transitional measures.

Mr. Martin Champoux: Mr. Minister, since we're talking about money and the financial framework, could you give us an estimate of how big this financial assistance for self-employed workers might be?

Hon. Pablo Rodriguez: In our platform, we have provided \$50 million for financial assistance for self-employed workers. Bill C-2 has a lot of things for cultural businesses and associations and so on, but the financial assistance for self-employed workers should be about \$50 million. Again, we haven't finalized this support measure, and we're still working on it.

Mr. Martin Champoux: If I may, Mr. Minister, I would like to ask you a quick question that is bothering me.

We invited representatives of the Union des artistes to appear. The Bloc Québécois talks a lot more about culture in Quebec, but the problem affects the cultural community across Canada.

Are you hearing the same urgency from other provinces?

Do you see solutions for the rest of Canada that are similar to those we could put in place in Quebec?

Hon. Pablo Rodriguez: Mr. Champoux, that's a very good question.

Yes, we are hearing about the same urgency because all self-employed workers are facing the same challenges, whether they are in Quebec, Calgary or Vancouver. We want to put in place a pan-Canadian program that will take into account the needs of self-employed workers across the country by working with the UDA, the various unions and the foundations.

Mr. Martin Champoux: I just have a few seconds left. My colleague spoke to you earlier about the bill to amend the Broadcasting Act, which will certainly be adopted soon. I can't help but ask you how long it will be before we see the tenor of this bill, because we're very anxious to see it come back on the table.

Hon. Pablo Rodriguez: I'm just as impatient as you are, Mr. Champoux.

Mr. Martin Champoux: Do you have a date for us?

Hon. Pablo Rodriguez: It will be very soon.

Mr. Martin Champoux: Well, I tried. Thank you.

The Chair: Thank you, Mr. Champoux.

[*English*]

We will now move to the NDP.

Ms. Blaney, you have two and a half minutes.

Ms. Rachel Blaney: Thank you, Chair.

Minister, on Friday the committee heard testimony from CRA officials that, on an administrative level, it would be possible to have the CWLB apply to workers in the arts and culture industry regardless of whether or not there was a lockdown in place.

Why did the government not pursue this avenue as a meaningful way to provide income support for workers in this sector?

Hon. Pablo Rodriguez: We decided on a series of measures to help the cultural sector, Bill C-2 being one of them, going directly to organizations. The other one, through consultations with the organizations, and also at the recommendation of a lot of those associations—I'm talking about ACTRA, the UDA and others—was that maybe working with them would be the best way to do it.

• (1150)

Ms. Rachel Blaney: Okay, but I just want to put on the table again the reality that a lot of these folks lost all of their income on October 23. It's a nice thing to consult, but if you can't pay your rent or feed yourself, it's very hard to have the energy to do that consultation.

I'm just wondering, now that you know the CRA has said very clearly that administratively it can modify this to make it so that people living in this sector would be sort of a class of people...because we recognize that this is a particular group of people who are further behind in terms of being able to get up to speed because of the reality of COVID-19. Could we work with the government to maybe make this work instead of asking these workers to keep waiting?

Right now what I'm hearing is that you have a plan—eventually—but it doesn't negate the fact that there are many people in the sector right now who, as of October 23, have not had any income and are really struggling to make ends meet.

Hon. Pablo Rodriguez: We're doing this, Ms. Blaney, exactly for them. Mr. Champoux made reference to this a bit earlier.

Some of these people, as the UDA said when they came here, have to sell their RSPs. Some of them cannot pay their rent. This is exactly why we do it. It is exactly for them that we're doing it. We're very advanced with the program. We're doing it in collabora-

tion with the guilds and the unions, and we'll be working with them to deliver it.

The Chair: That's the time. Thanks, Minister.

It's over to the Conservatives and Mr. Chambers.

You have five minutes.

Mr. Adam Chambers (Simcoe North, CPC): Thank you, Chair.

Welcome, Minister. It's nice to meet you. Thank you for coming.

Just before I get into questions, I'd like to perhaps correct, or at least point out, a contradiction from my friend Mr. Baker. On the one hand, we're to believe that Conservatives agreed to support all these measures at one point and in fact voted for all of them, and on the other, we're to believe that we would have done nothing to support workers. In fact, if you look at our track record, in the great recession we ran the largest budget deficit the country had ever seen and then worked incredibly hard to bring the country's finances back to balance within five years.

In that sense, Minister, you mentioned people breaking the law and that they should be pursued. Does it concern you that there seems to have not really been a lot of verification activities as to whether people had broken the law? We had testimony last week that indicated there haven't been any post-payment verification audits on CERB, and very few on the wage subsidy. We're also not asking for any kinds of medical certificates or doctor's notes for sickness benefits.

As a minister in this government, are you concerned that we're not actually trying to identify where there have been challenges or incorrect payments made?

Hon. Pablo Rodriguez: Mr. Chambers, first, thank you for the question. It's nice to meet you also.

I think that more overall and general question probably has been discussed with my colleague at finance and maybe my colleague Carla Qualtrough. What I can tell you is that as far as the cultural world is concerned, which includes a lot of money too, we do it through organizations and through channels that are normal for us to use. We're used to working with them, and we have a way of doing it. It's full of mechanisms for accountability. That's why we're quite confident about what we've been doing.

Mr. Adam Chambers: Thank you.

You mentioned encouraging people to get back into the workforce, but we also heard testimony last week about the severe labour shortage and the challenges for many stakeholders, in particular those in some of the industries we're talking about today, of finding people who are available to work once they open back up. In Bill C-2, we don't really see much of anything with respect to labour shortages and trying to help these organizations find workers.

Do you have any comments on the labour shortage?

Hon. Pablo Rodriguez: The labour shortage is a challenge. It was before the pandemic, and it still is in many industrialized countries, not only in Canada.

One of the challenges we see, Mr. Chambers, in the cultural sector, especially with the *travailleurs autonomes* is that a lot of them—because they cannot live from what they do, their music or their writing—go and get another job. Too often, we lose them. They don't come back. That's why we're putting this program in place, to make sure that they stay. It's fundamental that we're able to do that.

• (1155)

Mr. Adam Chambers: We also had some information last week about the hiring recovery benefit. It has a very low take-up, with about 10,000 approved applications.

If we're trying to convince people to re-enter the workforce, should we be concerned? In Bill C-2, we're asking to extend the Canada hiring recovery benefit program, but we're extending a program that seems to not really be that effective.

Hon. Pablo Rodriguez: As far as the cultural sector is concerned, this is definitely going to help the organizations, cultural businesses and others. The part that is also necessary, which is not through Bill C-2 but what we're doing now, is to help the gig workers, the independent workers. It's absolutely necessary, and we're doing it right now.

The Chair: Thank you, Mr. Chambers.

Minister, we are going to the Liberals now for five minutes. This is going to conclude the first section of our meeting here today.

For the Liberals, we have Ms. Chatel.

[*Translation*]

Mrs. Sophie Chatel (Pontiac, Lib.): Good morning, Minister, and welcome to the committee. It's a pleasure to see you this morning.

I would also like to thank your colleagues from the Department of Canadian Heritage, who have indeed done an extraordinary job during this pandemic.

[*English*]

I wanted to quickly come back to what some of my colleagues from the Conservatives have mentioned. Minister, I don't want you to leave with the wrong impression here. We called FINTRAC as a witness. In their testimony, they concluded that in the standard that this government has developed over the years to ensure accountability when there is something suspicious about any of our pro-

grams, there are checks and balances in the system to red flag it and immediately move toward an investigation.

We heard that banks, very early on, identified some suspicious transactions that were, by and large, very small numbers of payments. Immediately, it went to FINTRAC, which launched an investigation. The collaboration between FINTRAC and the Canada Revenue Agency went very well.

Minister, I want you to understand that the witnesses said the system and standards in place for all of our programs are very good. This is supported by the Auditor General report that investigated those systems and concluded that, through the program we had in place, the money went to the right person and abuses were taken care of.

[*Translation*]

I will ask my questions in French, because, as you know, the arts and culture sector is very important in Canada from coast to coast, and particularly so in Quebec. This is also the case in my riding.

I am very pleased to hear that our programs really helped the sector during the pandemic.

Also, I am very interested in the summit you are going to organize. I'm also hearing concerns that the arts and culture sector needs to receive financial support quickly.

As you mentioned, Minister, Bill C-2 will go a long way to help organizations, businesses and employees in the sector, who will benefit from maintaining the employer-employee relationship. There is still a need to help the self-employed in the sector and I am very pleased to hear you say that help will be available to them.

I believe I understood that no new legislation will be required to provide assistance to these workers, as these programs are already in place.

Can you give us more details about this aid? Will it get to them more quickly as there is no need for a bill?

Hon. Pablo Rodriguez: Ms. Chatel, thank you for the question.

To recap some of what I said earlier, the Liberal government has been there from the beginning. Since 2015, it has invested a lot of money in organizations like the CBC, the Canada Media Fund, Telefilm Canada, the Canada Council for the Arts and so on.

What did we do when the pandemic hit? As early as April, the government invested \$500 million in emergency funds to maintain jobs and support business continuity. We realized that this sector needed an extra boost. Then on November 30, as part of the 2020 fall economic statement, the government announced an investment of \$281 million. One of the purposes of this investment was to respond to the film and television industry's request for assurances, to ensure that they would be covered if something happened during filming. Subsequently, there was a record investment of \$1.93 billion in the 2021 budget. These are huge sums.

We are now continuing to provide assistance through Bill C-2. As you said, this bill affects cultural organizations, agencies and businesses. However, it lacks direct assistance to self-employed workers. We provide this assistance through Canadian Heritage and existing programs. So we don't need a bill because, as we promised in our platform, we will make an investment of about \$50 million. In addition, we will continue to fulfil our election commitments, such as holding a summit in a month and a half, among other things. There is a continuity in all of this, which is to never forget our workers in the cultural sector.

• (1200)

[English]

The Chair: You're right on time, minister.

On behalf of the committee, the members and all the staff, we really appreciate your appearance. Thank you for your testimony and your answers.

Have a great day.

Hon. Pablo Rodriguez: Thank you very much for the invitation.

The Chair: Members, we're going to suspend right now so that we can switch witnesses.

• (1200)

(Pause)

• (1205)

The Chair: I call this meeting back to order.

Welcome back, everybody. We have our second panel of witnesses with us today. All of our witnesses for the second panel are virtual.

From the Office of the Auditor General of Canada, Karen Hogan is with us.

Thank you, Ms. Hogan, for being able, in really short order, to make it here to our committee. We appreciate that.

She is accompanied by Philippe Le Goff, principal.

Representing the Canadian Labour Congress, we have Bea Bruske. She is the president.

Bea, I believe, is having some technical difficulties with her sound, so we will see if that works or not. If it doesn't work for the interpreters, it may not be possible to have Bea today.

No strangers to our committee are representatives of the Canada Revenue Agency. We heard from them just a couple of meetings ago. We have Frank Vermaeten, assistant commissioner of the as-

essment, benefit and service branch; Marc Lemieux, assistant commissioner, collections and verification branch; Cathy Hawara, assistant commissioner, compliance programs branch; and Janique Caron, chief financial officer and assistant commissioner, finance and administration branch.

Each of the organizations will have a five-minute opening statement.

We will start with the Auditor General, Ms. Hogan, for five minutes.

[Translation]

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

Mr. Chair, I wish to acknowledge that the lands on which we are gathered are part of the traditional unceded territory of the Anishinaabeg People.

Thank you for this opportunity to contribute to the committee's study of Bill C-2, An Act to provide further support in response to COVID-19..

I'm happy to discuss our audit reports, including the Canada Emergency Wage Subsidy and the Canada Emergency Response Benefit, which were tabled in the House of Commons on March 25. Joining me today is Philippe Le Goff, who was the principal responsible for the CEWS audit.

Our audit of the CEWS, or Canada Emergency Wage Subsidy program, focused on whether the Department of Finance Canada provided analysis on the program and whether the Canada Revenue Agency limited abuse by establishing appropriate controls in its administration of the program.

Overall, we found the department and the Canada Revenue Agency worked together within short timeframes to support the development and implementation of the Canada Emergency Wage Subsidy, CEWS.

The design and rollout of the subsidy highlighted pre-existing weaknesses in the Canada Revenue Agency's systems, approaches, and data. One of the weaknesses is related to the lack of up-to-date tax data, which meant that the agency did not have all the relevant information for assessing the applications before issuing payments. This revenue information would have allowed the agency to validate the reasonableness of the revenue drop that was declared by applicants.

To prioritize issuing payments quickly, the Canada Revenue Agency decided to not implement certain controls that it could have used to validate the reasonableness of subsidy applications. For example, the agency decided that it would not ask for employee social insurance numbers, although this information could have helped prevent the doubling up of applications for financial support.

The limitations of the agency's information technology systems affected its ability to perform some pre-payment validations, as did the absence of complete and up-to-date tax information. As a result, the agency will have to perform more post-payment verification work.

• (1210)

[*English*]

Let's now turn to our report on the Canada emergency response benefit. This audit focused on the analysis carried out by Employment and Social Development Canada and the Department of Finance in the design of the benefit. It also examined whether Employment and Social Development Canada and the Canada Revenue Agency designed mechanisms so that the benefit would support eligible workers who had suffered a loss of income for reasons related to the COVID-19 pandemic.

Working within a short time frame, Employment and Social Development Canada and the Department of Finance supported the design of the benefit to quickly deliver support to workers who had lost income because of COVID-19. The department and the agency made an early decision to focus on post-payment controls to simplify the process and expedite issuing benefit payments. The department and the agency introduced additional controls once the benefit was rolled out.

Based on our audit work on the original design of the two programs, both will need to rely heavily on post-payment verification, which will be time-consuming and costly. The post-payment work on these two programs was expected to be the subject of an audit by my office to begin in early 2022. However, we have been informed by the Canada Revenue Agency that it has deferred or delayed its work and that it is highly unlikely that a significant amount of post-payment work will be completed by 2023. Given that there will be little for us to audit, we have postponed our work.

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

Thank you.

The Chair: Thank you, Ms. Hogan. We appreciate that.

My understanding is that the Canada Revenue Agency officials, who appeared before our committee just last week, will not be making an opening statement. They'll be going right into questions.

From the Canadian Labour Congress, Ms. Bruske, I understand you are on the phone now and connected to our committee. We just have to see if the interpreters can work with the sound. Ms. Bruske, if you can hear me, you have the floor for up to five minutes.

I think we've lost Ms. Bruske.

Witnesses and members, we're entering our first round, with six minutes of questions for each of the members. We are going to start with the Conservatives and Mr. Poilievre.

• (1215)

Hon. Pierre Poilievre (Carleton, CPC): My question is for the Auditor General.

As you know, the Financial Transactions and Reports Analysis Centre of Canada has reported that people not living in Canada received the CERB. People who were engaged in illegal and suspicious financial activity also received the CERB. Some people received more than one CERB deposit in less than a week, even though it was supposed to be strictly a weekly payment. Scammers used personal identity information to apply for the CERB. The list goes on.

Now the department tells us that they have not gone back and verified whether the people who got CERB money were eligible for it. Your job was to audit whether or not they followed their rules in ensuring that only people entitled to the money got it. Today you're telling us you're not going to do your job until 2023 or later, because the department has not done its job.

Have I accurately characterized your testimony? If not, please correct me.

Ms. Karen Hogan: In your question, you're referring to post-payment verification work. An audit is of value when there is information and data to audit. Hence, without post-payment work having yet begun, it would be difficult for us to go in and see whether or not the mechanisms put in place by the Canada Revenue Agency to identify if payments had been made in error and to recover them if needed have worked. It's impossible to do until that work is done.

Hon. Pierre Poilievre: They sent out the money. They're not verifying if the people who got it should have. You're saying that, because they're not doing any verification, there is no verification to audit. Therefore, you won't hold an audit. Is that right?

Ms. Karen Hogan: I absolutely intend to hold an audit. I was very clear when we tabled our audit report on the wage subsidy and the emergency response benefit back in March that this was my intention.

Hon. Pierre Poilievre: When?

Ms. Karen Hogan: I was expecting to do it as soon as their work had begun. As I mentioned, it's impossible to audit something that has not yet been done.

Hon. Pierre Poilievre: Right. When do you expect to do the audit, though?

Ms. Karen Hogan: I think you'll have to ask the Canada Revenue Agency when they will get their work done. I am in continual dialogue with the agency in order to monitor the progress of their work so that we can do it in the most timely way possible because, as I mentioned back in March, I think this work is critical. I'm concerned that it has been delayed.

Hon. Pierre Poilievre: It seems like you're rewarding them for it. If they don't do their verification job, you won't audit them. That's just great. Imagine if Canadian taxpayers could do the same thing. They just won't do any of the verification that their own filings are right, and then CRA would never audit them because there's nothing to audit. That's essentially what you're saying.

Ms. Karen Hogan: No.

Hon. Pierre Poilievre: You're giving them a free ride because they haven't done their job.

Your audit is of particular value when agencies don't do their jobs. That's when your audits should occur, but you're telling us that you're going to give them a break precisely because they didn't do their job. Aren't you rewarding bad behaviour?

Ms. Karen Hogan: I am very concerned that they have made the decision to delay their work or defer it. I will continue to be in constant dialogue with them because, as I mentioned back in March, when you delay prepayment controls, post-payment work becomes critical. I expect that if an individual received public funds in error, that recovery efforts would occur.

Hon. Pierre Poilievre: But they haven't. We know that now. Basically, this government gave out billions of dollars in cheques. We now know that some of it went to criminals, scammers, people not living in Canada, people who received multiple payments in the same week—even though that is not allowed—people who used false identities, but they have not gone back and done verification on any of the recipients. It's almost two years after the CERB program began, and you're rewarding them by not beginning your audit until they're good and ready, which, at this pace, will be never.

Your job is not to do “dialogue” with the agency. Your job is to be the auditor of the agency, to be their watchdog.

Why is it that you seem so intent on giving this agency and this government such a free ride in the billions of dollars that was given out to fraudulent applicants?

• (1220)

Ms. Karen Hogan: I believe that as I mentioned, an audit is of value when there is something there to audit. You need data and information in order to be able to go in. Otherwise, our auditors can't do their jobs.

I am continuing to apply pressure on the Canada Revenue Agency to start the post-payment work because of how critical it is to the success of the payments being made to those who are eligible.

Hon. Pierre Poilievre: Right, well, your audit could actually go ahead, and you could publish a report showing that the post-verification of the fraudulent recipients never happened. That could be the material that you publish in an audit, instead of simply letting the government continue to rag the puck, waste time and reward them for their incompetence by delaying your work.

A final question—

The Chair: That's your time, Mr. Poilievre.

Hon. Pierre Poilievre: I have a point of order, Mr. Chair.

I have a document I'd like to table here. It's from Blacklock's Reporter, and it's titled “Audit Contracts Questioned”. The piece says:

The Commons public accounts committee yesterday questioned the Auditor General's Office over favouritism in contracting to a Liberal lobbyist, Susan Smith.... MPs did not comment after the committee spent more than an hour behind closed doors questioning Auditor General Karen Hogan....

As you know, Mr. Chair, it is not common for independent, non-partisan officers of Parliament to give untendered contracts to partisan lobbyists—

Ms. Julie Dzerowicz: I have a point of order.

Mr. Yvan Baker: I have a point of order.

Hon. Pierre Poilievre: —but we want to have this tabled.

Thank you.

Mr. Yvan Baker: Chair, I don't believe this is a point of order.

The Chair: Mr. Poilievre, if you'd like to table it, please send it to the clerk.

Hon. Pierre Poilievre: Thank you.

The Chair: Before we move to the Liberals for six minutes, I'd let members know that we are trying, through our technical people, to get the Canadian Labour Congress to be able to link to us. Once they do, if they do, we will give them an opportunity also to make an opening statement.

We're now moving to the Liberals, and we have Mr. Baker sharing time with Ms. Dzerowicz. Is that correct?

Mr. Yvan Baker: That's correct. I'll start off.

The Chair: Go ahead, Mr. Baker.

Mr. Yvan Baker: Thank you very much, Chair.

I do have a question for you, Ms. Hogan, but before I ask it I need to respond to what was said just a moment ago by Mr. Poilievre.

I think it's important to note that the CRA has a number of measures in place to ensure that only those who are supposed to receive the supports, whether that be the CERB or the wage subsidy, receive them. Post-payment verification is one of those. My recollection—and I could be corrected by my colleagues—is that the officials who were here with us last week spoke to the timing of this and I think they told us that work was to begin in January.

I also want to mention that CRA officials have worked, I believe, incredibly hard during a very difficult time to get these programs out to Canadians during a global crisis, during a pandemic, and that these programs, by delivering that support, have saved businesses from bankruptcies, have protected jobs and have allowed some people to put food on the table that they wouldn't have been able to put on the table otherwise. To me, it's incredibly disrespectful for Mr. Poilievre to suggest that the CRA officials are not doing their jobs, that they're not working as hard as possible or that they're not able to do their jobs capably. That's what he was suggesting. I find that really disappointing and disrespectful.

With that said, Ms. Hogan, I want to thank you for taking the time to be with us here today. Again, I want to echo that we appreciate it, especially on short notice.

On November 25 of 2020, National Post published an article called "Tories ask CRA to pause audits of wage subsidy recipients during pandemic. Experts say that's a bad idea".

That's an article, Chair, that I'll be tabling with this committee.

The article quotes two experts in fighting tax-related crimes. One of them, Toby Sanger of Canadians for Tax Fairness, says in the article the following: "CRA should be concerned and empathetic about the plight of small businesses, but to stop all audit programs or simply not proceed with them on a carte blanche basis? I wouldn't agree with that".

The other expert, Denis Meunier, the former head of CRA's criminal investigations division, said the following: "It is the CRA's responsibility to do this pilot project. And I think it's totally unacceptable and irresponsible for political parties to request that a particular sector not be audited. It makes no sense".

My question to you, Ms. Hogan, is this: Do you agree with the opinions expressed by the experts here regarding the demand the Conservative Party made regarding stopping wage subsidy audits?

• (1225)

Ms. Karen Hogan: Thank you. It's always a pleasure to be here. I would have been here last week when I was originally requested to be invited, but as you may recall, I tabled four reports on COVID measures last Thursday and was unable to be at the committee at the same time.

I do believe that audits are a good deterrent in that they are critical when a decision is made to limit post-payment controls and rely on post-payment efforts. I think that audits should be targeted and random, and that every file or every sector or every individual should have equal opportunity of being subject to an audit. You should have some that are targeted based on risks, but then you should also have some that are done randomly.

As it is my job to audit the government, and I have been in the audit field for over 25 years, I see the value and the importance and the need for audits.

Mr. Yvan Baker: Thank you.

Stopping audits would not be a good idea. Is that fair to say?

Ms. Karen Hogan: That's correct. Stopping audits would not be a good idea. It would make our office not very useful. I think that

we serve Parliament and Canadians, and we provide very valuable work in helping Parliament hold government to account.

Mr. Yvan Baker: Thank you very much.

I'll pass the rest of my time to Ms. Dzerowicz.

The Chair: You have 20 seconds.

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

I want to thank the officials for being here today. Thank you so much for being here. It's really important, the work that you do.

I really appreciate your testimony, Ms. Hogan, as well as the officials who are here from the CRA. We hope that we can get the CLC here as well.

I think it's also important to remind ourselves that we are in a pandemic and that, with much of the emergency supports—all of the emergency supports—that were sent out, there had to be a balance between getting them out the door and making sure that we put enough measures in place to ensure they were getting where they were supposed to go.

Ms. Hogan, in your sixth report, specifically the report on CERB, you say the following: "Accepting risks in order to expedite payments to those in need is consistent with best practices promoted by the International Public Sector Fraud Forum and its Principles of Fraud Control in Emergency Management."

Would you say that this principle could apply to the emergency supports that we sent out the door very quickly?

Ms. Karen Hogan: You are referring to our report on the Canada emergency response benefit program. In that program we absolutely recognize that the government applied what were best practices in the international sector when it came to emergency management. Those practices point to the fact that the priority in an emergency should be to get money and services out to those in need.

The government did that in a way that limited some prepayment controls. While there were some automated checks in the two programs that we looked at, the focus was put on post-payment preventative controls. There is a time, however, when you have to make that shift from emergency management to more long-term management, and you need to start introducing more controls on the preventative side instead of the detection side, after the fact. After 20-odd months in a pandemic, I would expect that the government is starting to adjust and implement those controls—

Ms. Julie Dzerowicz: Ms. Hogan, I'm so sorry to interrupt, but my time is just about over.

The Chair: Ms. Dzerowicz, that's the time.

Ms. Julie Dzerowicz: I just want to point out that it is consistent with best practices. I hope further questions will show that the CRA is looking to start those post-pandemic verifications in January 2022, which is just next month.

Thank you.

The Chair: Thank you.

We'll now move over to the Bloc with Mr. Ste-Marie.

[*Translation*]

Mr. Gabriel Ste-Marie (Joliette, BQ): Thank you, Mr. Chair.

I would like to begin by welcoming our guests, Auditor General Hogan and Principal Le Goff, and all the senior officials of the Canada Revenue Agency. I want to thank them for the important work they have done.

My first questions will be for Ms. Hogan.

Ms. Hogan, in the last two years, or at least since the beginning of the pandemic, your predecessors have continually delivered the message to the Standing Committee on Finance that the Office of the Auditor General lacks funding to carry out its investigations.

What can you tell us about that today?

• (1230)

Ms. Karen Hogan: Thank you very much for that question about funding.

As you know, I was appointed Auditor General in June 2020, which was in the middle of the pandemic.

After my appointment, one of the first things I did was to update our funding application to the government. We received the amount of money we had requested, which was an increase in our permanent budget of \$25 million. We received that amount.

Mr. Gabriel Ste-Marie: I see.

I am very glad to hear that, because we have often asked the government to increase your funding. Your office plays a central role for the public and for all members of Parliament.

In your presentation, you mentioned audits relating to CERB post-payment verifications. You explained that your audits would have to be done later, as the Canada Revenue Agency had not been able to do its own audits.

In your opinion, are such delays normal? What is your analysis of the situation?

Ms. Karen Hogan: The post-payment verifications were to be carried out by the Canada Revenue Agency, and I expected them to be delivered by the end of 2021.

I had planned a second round of audits on CEWS and CERB, which was to start early this year. However, I will have to do my audits later, as the work has been delayed. I obviously cannot audit what does not exist.

I am concerned about the delays regarding this work, as post-payment verification is essential when a decision is made to eliminate or limit pre-payment verification. It is important that the agency take this work forward.

Mr. Gabriel Ste-Marie: Thank you for your response.

Ms. Hogan, please feel comfortable answering my next question or not.

In your opinion, could the Canada Revenue Agency verification delays be intentional, in a way? For example, could it be that they did not want to reveal a large-scale fraud? If not, could these delays

be due to a misallocation of resources within the agency? The employees could, for instance, have been assigned to other tasks. Are the delays due to a lack of resources, or are they due to the fact that existing resources were working under pressure during the pandemic?

What do you think accounts for these delays?

Ms. Karen Hogan: Well, fortunately there are representatives of the Canada Revenue Agency here, so I think you should put the question to them.

During our discussions, they informed us that people were doing pre-payment control work that was still ongoing and that was why they had delayed their post-payment control work.

However, it would be best if you confirmed this with them to find out all the reasons for the delay.

Mr. Gabriel Ste-Marie: Thank you very much for your answer. I certainly will try to put this question to them subsequently.

Earlier you raised something that I think is crucial, both in terms of the CEWS and the CERB payment. At the beginning of the pandemic, everyone seemed to me to be acting in good faith, because urgent action was needed and something had to be done to help. So programs like CERB were set in motion very quickly. Basically, what we understood was that things would be checked out later, and the whole issue of possible fraud and controls would also be looked at later. For the first few months I certainly agreed, but after a few months, in my view, there should have been pre-payment verifications in place, as you said.

In your opinion, why was this not done?

• (1235)

Ms. Karen Hogan: Once again, I think you need to put the question to the Canada Revenue Agency representatives, but you are quite correct.

The current environment is not the same as the one we were living and working in at the beginning of the pandemic, in March, April and May 2020. In the new programs that will be put in place, I expect to see adjustments and improvements in terms of pre-payment controls.

[*English*]

The Chair: Thank you.

That's time, Mr. Ste-Marie.

We're moving to the NDP with Ms. Blaney for six minutes.

Ms. Rachel Blaney: Thank you, Chair.

Thank you to everyone for being here today to share your valuable testimony. Of course I am sad to see that the Canadian Labour Congress is having technical issues and can't be here at this point, but I also respect how important it is to make sure that the interpreters who serve us so well get the sound quality that they require.

If I can come to you Ms. Hogan, your office did an audit on the CERB, looking at the period from March 2020 to January 2021, and you released a series of recommendations, including suggestions on what to consider when designing an emergency response benefit. Was your office consulted in the development of the Canada worker lockdown benefit?

Ms. Karen Hogan: You are correct. We did do two audits: one on the Canada emergency response benefit, and one on the Canada emergency wage subsidy. We looked at the design and the implementation of prepayment controls. That is where that first audit stopped, because it was so early on in the pandemic.

No, we were not consulted in the design of any future programs. It is a fine line. You can't really develop the policy or the management processes around it, and then come in and audit it. We can always provide advice on good controls, but we also expect that the departments will react and deal with the recommendations that we gave in previous audits and consider those as they design new programs and put in new controls to deliver them.

Ms. Rachel Blaney: Just for a little bit more clarity, do you feel that your recommendations on previous pandemic income support benefits were applied in this latest piece of legislation around the specific benefits? Maybe "advice" is a better word to use.

Ms. Karen Hogan: I don't really know all of the details of the bill. I did look at the summary and read parts of it. I did not notice if there was a request, when it came to the extension of the wage subsidy, an advancement to ask for the social insurance number of employees linked to that. That was one of our concerns. I would expect that perhaps that was considered and that I just didn't see it in the bill, but that would be one example of where we did not see our recommendation acted on.

Ms. Rachel Blaney: That's very interesting.

Let's step back to the Canada emergency wage subsidy. You've been talking about that.

You did release a series of findings and implications, one of which was that:

...without effective controls for validating payments, the integrity of the program is at risk and ineligible employers might receive the subsidy.

This is an important factor to consider, and I appreciate what you just said about the social insurance numbers. Given the amount of public attention on the cost of the pandemic recovery and how the government is going to pay for it, I'm wondering again if your office was consulted at all about the executive compensation components within Bill C-2 and if you feel those provisions address the concerns that you mentioned in your report.

Ms. Karen Hogan: As I mentioned, I don't know all the details. I know that there was an inclusion around executive compensation but, sadly, I don't know the details of that. I'm sorry.

As I mentioned previously, we were not consulted on the design of the new measures or the policy you are studying.

Ms. Rachel Blaney: I'm just wondering. I know you're newer to this position, but is there any history of consultation? It seems to me that we're dealing with a lot of significant ramifications, which are allowing members from any of the parties to lay blame at the

feet of some people and hide other people. It's starting to concern me that those are the next steps.

I'm just wondering. Has the government taken any role historically in actually consulting on what would be the best methodology moving forward to stop these political fights, which can really have an impact on people and their communities?

● (1240)

Ms. Karen Hogan: That is a great question.

While I am new to the role, I have been in the office about 15 years, and I must admit that I don't know whether or not our office has been consulted on developing other policies in the past.

I do know that we have provided advice on controls. Many of our audits do comment on gaps in policy, when we look at the implementation of a policy to see whether it's done effectively. As I mentioned, you do need to be cautious about being too involved up front and doing management work when you're then going to come in and audit. That's not our domain. Our domain is to audit the implementation of a policy and not to create the policy.

Ms. Rachel Blaney: Hopefully you will have a government that listens to those audits so that the future is a better place for us all.

I know I have only a few seconds, but you talked earlier about best practices. Do you feel that the steps being taken in this new piece of legislation follow any of those best practices internationally?

Ms. Karen Hogan: I agree with your statement that the government needs to act on the recommendations in our reports and that they need to put their action plans in place in a timely way, which includes making sure that they're properly resourced in order to carry those out.

When I referenced international best practices, those had to do with emergency situations and finding the right balance between the speed of delivery of money and support, and the controls. I do believe after 20-odd months in a pandemic that it's time to start transitioning away from emergency management to a more long-term focus and improving the controls that are there prepayment.

The Chair: Thank you, Ms. Blaney. That's your time.

We are moving into our second round, and we have the Conservatives for five minutes. I understand there will be a splitting of time by Mr. Poilievre and Mr. Stewart.

Hon. Pierre Poilievre: Ms. Hogan ironically said that stopping audits would not be a good idea when she was asked about small businesses being audited, and now she's stopping her audit of the agency's verification of CERB recipients.

My question will be for CRA, whoever wants to answer it. The Auditor General has agreed to delay her audit into CRA's verification of CERB abuses because CRA hasn't done any such verifications almost two years after the program began.

Is there someone here from CRA who can answer this? The Auditor General's being very generous with you over at CRA. I wonder if you apply the same rules to the people you audit. If a small business says to CRA that it has done no documentation or verification of its transactions, then presumably you'd have nothing to audit. Would you do for that small business what the Auditor General is doing for you and just say, "Don't worry. We're not going to audit you because there's nothing to audit and we'll give you a free ride"?

Is that what CRA would do if it were in the same situation in dealing with a small business filer that the Auditor General is in with the CRA right now?

[Translation]

Mr. Marc Lemieux (Assistant Commissioner, Collections and Verification Branch, Canada Revenue Agency): If I may, I'd like to answer that question.

Last year, when we started the small business verifications, we did show flexibility. We extended the deadlines for companies to respond to us, because we realized we were in a pandemic period and our approach had to be flexible towards small and medium-sized businesses.

In our work we also took into account whatever information they could provide to us.

[English]

Hon. Pierre Poilievre: I understand that, during the height of the pandemic and the lockdowns, we were in extraordinary circumstances. We're now almost two years into the CERB program. I'm not asking about what extenuating circumstances you might have granted during that time. I'm asking about the present.

If the small business says it just hasn't done any verification of its work or documentation, do you then say, "No problem. We won't bother with the audit, because you have no documentation for us to audit" in the present?

• (1245)

[Translation]

Mr. Marc Lemieux: At this time, we are continuing our verifications with regard to these programs. We're also continuing to work with small and medium enterprises to complete our verifications, while being as flexible as possible.

Hon. Pierre Poilievre: Thank you.

[English]

You have answered my question.

You do complete audits now of small businesses, even if they haven't got their verification and documentation in order. You're not

granting the same flexibility today with small businesses that the Auditor General is granting you.

Back to the Auditor General, this article from Blacklock's Reporter says, "Internal records showed Smith"—who is a Liberal lobbyist—"was given privileged access to federal audits months before they were disclosed to MPs, senators or the public. 'I'll send you the...pdfs,' one staffer wrote—

Ms. Julie Dzerowicz: I have a point of order, Mr. Chair.

What's the relevance of this to Bill C-2?

Hon. Pierre Poilievre: I'm getting to that.

The Chair: Yes, keep it relevant.

Hon. Pierre Poilievre: Thank you.

Furthermore, it says, "That way you can access them from your office."

Madam Auditor General, is it in fact true that this Liberal lobbyist got access to your federal audits before members of Parliament?

Ms. Julie Dzerowicz: Again, I have a point of order.

What's the relevance of this to Bill C-2?

Hon. Pierre Poilievre: That's for the Auditor General.

Ms. Julie Dzerowicz: No. What's the relevance of the question to Bill C-2?

The Chair: It's a political question.

Hon. Pierre Poilievre: Do you know what the people around this table are called?

The Chair: We are politicians, Mr. Poilievre—

Hon. Pierre Poilievre: They're called politicians, so there are political questions when politicians speak.

The Chair: —but the officials are not politicians, Mr. Poilievre.

Hon. Pierre Poilievre: I'm asking about her office. This is her office, and her office is supposed to be apolitical, despite this contract to a Liberal lobbyist.

The question I have for the Auditor General is whether or not that happened.

The Chair: Is it relevant to Bill C-2?

Hon. Pierre Poilievre: It is relevant.

Ms. Julie Dzerowicz: How is it relevant, Mr. Chair?

I have a point of order. What's the relevance to Bill C-2?

The Chair: What is the relevance to Bill C-2, Mr. Poilievre?

Hon. Pierre Poilievre: The Auditor General is going to have to scrutinize the spending. If she's presenting audits to Liberal lobbyists before they get to parliamentary committees, we don't know whether those audits are going to be impartial and apolitical, as you've suggested they should be. That's the relevance.

The Chair: Mr. Poilievre, again, it is a political question. We are politicians, but the officials are not politicians.

Hon. Pierre Poilievre: That's why it's so concerning that her office is hiring a Liberal lobbyist to preview audits before they get published. That's the point of my question.

If the Auditor General could please answer that question, I'd appreciate it.

Ms. Karen Hogan: Mr. Chair, would you like me to proceed?

The Chair: Yes, Ms. Hogan.

Ms. Karen Hogan: The contract in question is one that's given to media coaches who prepare me and other senior officials in my office as we prepare to release and table reports. That audit is finalized and completely done, and we ensure that we have points of view that represent all political parties and all different interests across the country.

That is how we ensure that our work is diverse and addresses the issues of all Canadians.

Hon. Pierre Poilievre: The question was very specific.

The Chair: I apologize. The time is actually up, Mr. Poilievre.

Hon. Pierre Poilievre: I have a point of order.

The Chair: We've gone well beyond the time.

Hon. Pierre Poilievre: I have a point of order, Mr. Chair.

The Chair: Yes, Mr. Poilievre.

Hon. Pierre Poilievre: We're going to have to get straight how it works here. You don't get to decide what I get to say.

Ms. Julie Dzerowicz: This isn't a point of order.

The Chair: Mr. Poilievre, I'm not speaking to what the.... I'm talking about the time.

Hon. Pierre Poilievre: Let me be clear. You are a servant of the committee. You are not the committee's master, and you will not censor what members say on this committee or the questions that they ask. Is that clear to you?

Ms. Julie Dzerowicz: I have a point of order.

Hon. Pierre Poilievre: I'm just asking if it's clear to you.

The Chair: Mr. Poilievre, we agreed on timings and your time is well past the time.

Hon. Pierre Poilievre: Right, because you interrupted me multiple times to try to censor my questions.

The Chair: That was taken into account, Mr. Poilievre.

Hon. Pierre Poilievre: Let's make sure it doesn't happen again, because my time belongs to me. It does not—

The Chair: That was taken into—

Mr. Yvan Baker: I have a point of order—

Hon. Pierre Poilievre: Excuse me, I have the floor.

Mr. Yvan Baker: The chair has acknowledged me, Mr. Poilievre.

I made a point of order—

Hon. Pierre Poilievre: I have a point of order, Mr. Chair.

Mr. Yvan Baker: I have the right to—

Hon. Pierre Poilievre: I have a point of order, Mr. Chair.

The Chair: On a point of order, Mr. Poilievre....

• (1250)

Hon. Pierre Poilievre: Yes, my question was whether it is clear to you now that my time is my time and that nothing I say will be censored by you. Is that clear to you?

Mr. Yvan Baker: On a point of order, this is not a point of order, number one.

Number two, it's incredibly unfair to you, Mr. Chair, and to our witnesses, who are waiting to be asked questions. We should be dedicating the time there.

Number three, if Mr. Poilievre has concerns about how you're leading the meeting, he can speak to you after the meeting to discuss it, not on the witnesses' time, not on the members' time and not on the public's time.

Mr. Jake Stewart (Miramichi—Grand Lake, CPC): On a point of order, the members of this committee are not here to be censored by the chair. We're here to ask questions. We have that right as elected officials. This is just another example of Liberal censorship, and everybody watching at home is going to realize that.

The Chair: Mr. Stewart, it's about timing. We went well beyond the time that the Conservatives had, well beyond the time.

We are now moving to.... We've had the Conservatives. I think next up we have the Liberals, and we have Madame Chatel for five minutes.

Wait, I'm sorry.

Clerk, you said that we have the Canadian Labour Congress. The technicians have worked their wonders, and the Canadian Labour Congress would like to provide a statement to the committee.

We'll have the Canadian Labour Congress, and then go over to Madame Chatel.

Ms. Bea Bruske (President, Canadian Labour Congress): Thank you, Chair, and good afternoon, committee members.

My name is Bea Bruske, and I am the president of the Canadian Labour Congress.

The CLC is Canada's largest central labour body speaking on issues of national importance to all working people in Canada.

Since the early days of the COVID-19 outbreak, the Government of Canada committed to doing whatever it took, for as long as it took, to get Canadians through the pandemic. The government has consistently said that no matter how much longer the crisis lasts, and no matter where you live, they've got your back. Despite this, back in October, the government announced it would be terminating the Canada recovery benefit. It did so in the midst of the pandemic. It did so before the labour market had fully recovered, and it did so with no system of unemployment benefits in place for vulnerable workers who cannot access EI.

The pandemic is far from over. Today, the number of daily COVID-19 cases is 135,000 higher than when government announced that it was ending the CRB. Many Canadians continue to struggle with joblessness and underemployment. In November, there were 1.2 million Canadians who were officially out of work, and another 630,000 working people who wanted full-time work but couldn't find it.

Statistics Canada's labour underutilization rate captures the full range of people who are available and who want to work. In November, the labour underutilization rate was 12.4%. In other words, 12.4% of the potential labour force was either unemployed, not participating in the labour force but wanting work, or employed but receiving far fewer than their usual hours of work. When the government decided to end the CRB, the official jobless rate was still a full percentage point higher than in February 2020. Total hours worked were below prepandemic levels.

One labour market indicator had recovered to the prepandemic levels, and of course that was the labour force participation. In other words, in our mind, there is little evidence of people staying at home on CRB benefits rather than taking part in working or looking for employment. Many CRB recipients were in fact working while they were receiving those benefits, as the CRB permitted them to do. They relied on those benefits to cope with insufficient hours of work and with reduced earnings. In the period just before the government's decision to terminate the CRB, 970,000 Canadians received it, and in the final eligibility period, there were still over 600,000 CRB recipients. The number continues to climb as workers retroactively claim those CRB benefits.

Let's be clear. The Canada recovery lockdown benefit is not a substitute for the Canada recovery benefit, which workers continue to need.

The restrictive benefit may never be used, or used very sparingly. Last Tuesday we heard this committee, and this committee heard from government officials who were unable to identify a single instance, between the announcement of the benefit on October 21 and now, where the lockdown benefit would apply. We still haven't heard how much the lockdown benefit is expected to cost, possibly because the actual cost will be negligible, or perhaps even zero.

It's doubtful the lockdown benefit would help families in places like Alberta, where the government has dragged its feet on putting lockdowns in place, despite the widespread risk of COVID. As a regional benefit, the lockdown benefit is not designed to respond to

workplace outbreaks like the ones we've seen at Cargill, at Amazon and at Canada Post.

Honourable members, the decision to terminate the CRB, pulling the rug out from under struggling workers, self-employed workers in the hard-hit hospitality and tourism.... They've relied very heavily on the CRB. In contrast, the measures in part 1 of Bill C-2, extending the emergency wage subsidy and emergency rent subsidy to the tourism and hospitality sectors, will do very little for those workers.

We recommend urgently restoring the CRB benefits for workers who cannot access employment insurance. We also recommend several amendments to improve the lockdown benefit, which I'd be pleased to detail for you if there's an opportunity.

Thank you so much.

• (1255)

The Chair: Thank you very much, Ms. Bruske. We're glad we had you on today.

We have one last question, and it's going to go to the Liberals and Madame Chatel for five minutes.

[*Translation*]

Mrs. Sophie Chatel: Thank you, Mr. Chair.

My question is for Canada Revenue Agency officials.

Last March the Auditor General recommended that the agency complete and implement its post-payment CERB verification plan.

Without going into minute details, could you tell us more about the important work the agency has done since the recommendation was issued?

Mr. Marc Lemieux: The agency has continued to develop its verification plan using the available information, but this plan has kept evolving and has always taken into account the context of the pandemic and the possibility of doing checks.

As recommended by the Auditor General, we needed to continue our efforts with respect to pre-payment verification where possible, which we did. We delayed the start of the post-payment checks because we focused our efforts on improving our pre-payment processes to ensure that money was paid only to people who were eligible for the subsidy or assistance programs. That's what we've done over the last year.

In the Auditor General's report, paragraph 6.57 talked about efforts to freeze the accounts of people who had made high-risk transactions, where we suspected fraud. So we continued that work. At that time, 141,000 accounts were blocked and we focused more attention on those accounts. That work has now been done for over 580,000 accounts.

In the last few months, the agency has focused its efforts on pre-payment verifications. I think it is important for the agency to reiterate, as we did in writing last Friday, that we still have the information on the payments that have been made. We intend to establish a comprehensive verification plan to do those where there are risks, to ensure that there has been no fraud and that the amounts that were paid were conveyed to people or companies that were eligible for the programs.

Mrs. Sophie Chatel: Thank you very much, Mr. Lemieux.

In my opinion, it makes a lot of sense to do strong verifications downstream and less upstream. If the systems are good from the start, it avoids the need to do audits later. I congratulate you on your work.

Despite the claims of my colleagues in opposition, it has been established that the fact that emergency programs included pre-payment and post-payment verification processes, whether automated or manual, resulted in thousands of potentially suspicious applications being blocked.

Could you tell us more about the importance of having put these checks in place?

Mr. Marc Lemieux: We use all the data available to us to uncover transactions that are suspicious or that may involve people who are not eligible for the programs. We apply methods that allow us to ask people to call us to confirm their identity if we suspect identity theft. We have already used this method many times.

We also ask people to call us when we think there is doubt as to eligibility. We work with them to validate their eligibility.

As they were renewed, the programs evolved. Some factors have changed, allowing us to do more robust automated checks. For example, we asked Canadians who wanted to apply to submit their tax returns on time so that we could have that information to do an automatic validation before payment. When this was not done, there could be delays.

The law evolved over time. Now it includes parameters that allow us to ask people to submit their tax returns before making a claim. This evolution of our automated systems allows us to use the information available before payment.

• (1300)

[English]

The Chair: Thank you, Mr. Lemieux.

That is the end of our time, which concludes our eighth meeting. We want to thank all of our witnesses, the Auditor General, Ms. Hogan, the Canadian Labour Congress—

Mr. Greg McLean: Mr. Chair, on a point of order, I think the meeting started at 12:10. I think we have another 10 minutes in an hour.

The Chair: We were scheduled to go to 1 p.m.

Mr. Greg McLean: We were scheduled to go for an hour.

The Chair: I don't think it was an hour. It's one o'clock. If members would like to go a little bit over, I was just thanking the witnesses for appearing—

Hon. Pierre Poilievre: Sure.

Mr. Greg McLean: Yes, please. Can we keep the witnesses for another 10 minutes, please, to get the full hour that we planned?

The Chair: Members, I'm looking for unanimous consent to do that.

Witnesses, I don't know what your timing is like. Are you available?

Okay, we will go for another 10 minutes. We will split that up with about two minutes each. That will give everybody two minutes each.

We had just finished with the Liberals, so we're going to start with the Conservatives.

Go ahead for two minutes.

Mr. Adam Chambers: Thank you, Mr. Chair.

I have only two minutes here. We are very appreciative of the work of officials, of course, and we do acknowledge that everyone works hard. I think the issue is that, when we have had information presented to the committee and testimony that is almost like a whistle-blower report and there's really been no material changes to the controls, either up front or post-payment verification....

For the Auditor General, are you not concerned that there have been no material changes to the controls that we have seen to administer these benefit programs from those we had for the previous ones? We're not in the same kind of time-sensitive situation we were in 18 months ago.

Ms. Karen Hogan: Absolutely. As I mentioned previously, I am concerned that there needs to be a shift from that emergency planning reactive mode to one that has a more long-term focus. I would expect to see adjustments and improvements to controls prepayment and that the post-payment work would begin as soon as possible.

Mr. Adam Chambers: Thank you very much. I have perhaps a final question. We saw about 440,000 taxpayers who were ineligible for CERB receive a tax amnesty. Can we calculate how much money the government has not recovered from those individuals? Do we have that number? The question is for CRA officials.

Mr. Marc Lemieux: Mr. Chair, I'd need more information. I don't know about the amnesty the member is referring to here.

Mr. Adam Chambers: My understanding is that we sent 440,000 letters to taxpayers who were ineligible for CERB at the end of last year. We then sent them another letter that said don't worry about paying that money back. How much money did we forgo recovering?

Mr. Marc Lemieux: Mr. Chair, to my knowledge, we never sent a second letter to those individuals. The first letter was to ask the recipients to validate their eligibility, because the agency had information on file showing that they may not be eligible. That letter did not ask them to reimburse at that time. It was an education letter to encourage people to really consider the criteria of the program and their eligibility moving forward.

The Chair: Thank you, Monsieur Lemieux. That's the time.

We're moving to the Bloc and Monsieur Ste-Marie.

• (1305)

[*Translation*]

Mr. Gabriel Ste-Marie: Thank you, Mr. Chair.

I'm a little unsettled by the new order of the question rounds.

[*English*]

The Chair: We ended with the Liberals the last time, so I'm just....

[*Translation*]

Mr. Gabriel Ste-Marie: All right, that's clear. Thank you, Mr. Chair.

I will ask Ms. Hogan the same question that my colleague Mr. Poilievre asked her. First, let me explain why. What does this have to do with Bill C-2? We, the legislators, are being asked to vote for a multi-billion-dollar bill. As in the case of the aid programs during the pandemic, we are talking about huge sums. In order to move forward, people need to have absolute confidence in the government and our various institutions, whose role includes auditing the work of the government.

Ms. Hogan, I will take Mr. Poilievre's question as my own: did your office present the audits to a lobbyist before they were presented to the House?

Ms. Karen Hogan: All of the contracts we award to contractors to support us in preparing our audit filings include confidentiality clauses, and we have no reason to believe that these clauses were not well and truly followed.

We have contracted with people who bring the views of all parties, including the Conservative Party and the Bloc Québécois, to ensure that we consider the views of all Canadians when we prepare to table our reports. As I mentioned, the reports are complete. It's just a matter of helping us get ready for tabling day.

Mr. Gabriel Ste-Marie: That answers my question well, and I thank you.

You do understand that absolute confidence in all the institutions that serve the House is essential, especially when we are working on programs of this magnitude.

That concludes my remarks, as I only had two minutes.

Thank you, Mr. Chair.

I also thank all the witnesses for being here.

[*English*]

The Chair: Thank you, Mr. Ste-Marie. That's perfect timing.

We'll move over to Ms. Blaney for a couple of minutes.

Ms. Rachel Blaney: Thank you, Mr. Chair.

I'd like to come back to the CLC.

Thank you so much for working so hard to participate today.

When the government announced the cancellation of the Canada recovery benefit, they also announced that they would be creating a new set of income support benefits for workers, which would be available retroactively.

Could you enlighten the committee as to whether you believe any of your members would qualify for the Canada worker lock-down benefit, between October 24 and today?

Ms. Bea Bruske: Thank you for that.

While we welcome any type of new benefit, our concern with the benefits proposed under Bill C-2 is whether workers would actually qualify for those benefits. We're worried that when there are out-breaks in various parts of the country that may be workplace specific, where workers do not have access to things like paid sick time, they will also not have access to this benefit, based on the fact that there isn't an actual lockdown for that particular region. That is going to leave workers significantly short.

The other concern we have is that employers may not necessarily qualify under the hospitality benefits, for example, because they may not have lost 40% of their business or more. However, workers may have lost a shift or two during that week. For a worker to miss a fifth of their paycheck, that's a fairly significant chunk that they have to navigate and negotiate in terms of how they make their rent check and how they put those groceries on the table, so we are concerned that those benefits don't go nearly far enough.

Ms. Rachel Blaney: Thank you for that.

The Canadian Labour Congress is one of the largest umbrella organizations representing workers in this whole country.

Were you consulted at all in the development of the pandemic income support benefits for workers?

Ms. Bea Bruske: We were not directly consulted. However, there were some discussions that were had with us, some phone calls in terms of "this benefit is going to be coming," but it wasn't really an opportunity to provide any significant input into how that would be designed.

The Chair: Thank you, Ms. Blaney. That's your time.

We're now moving to Mr. MacDonald for the last two minutes.

Mr. Heath MacDonald (Malpeque, Lib.): Thank you, Mr. Chair.

I want to go back to post-payment relative to the CRA, and the recommendation that was made by the Auditor General. Basically, I want to see if it coexists with their planned start date of the verification, and I want to ask if it's in January 2022.

• (1310)

Mr. Marc Lemieux: Mr. Chair, I'm not sure who the question is for.

Mr. Heath MacDonald: Basically, you've indicated that your post-pandemic evaluations will be done in January 2022. Is that correct?

Mr. Marc Lemieux: What we indicated is that we will begin our post-verification of CERB in January of 2022.

Mr. Heath MacDonald: Can you quickly elaborate on what your intentions are in doing those checks and verifications?

Mr. Marc Lemieux: Based on the information that we have, we will establish risk profiles and we will audit the transactions that appear to be more risky in terms of eligibility or fraud.

Mr. Heath MacDonald: In saying that, you've already done some prechecks relative to working with financial institutions, the RCMP, FINTRAC and so forth.

How do those numbers compare with the issues that you may see at the end of the post-transaction evaluations?

Mr. Marc Lemieux: Mr. Chair, it's difficult. On this, we've started to conclude on the number and the relative size of what we would find versus what we've put in place in terms of prevalidation on suspect transactions.

In the report of the Auditor General, in paragraph 6.59, we've added additional measures on suspect transactions as early as May 11, 2020. We've always added....

The Chair: Thank you, Monsieur Lemieux.

Thank you, Mr. MacDonald.

That concludes our meeting number eight. I again would like to thank all our witnesses for coming before us.

Thank you for your answers. On behalf of the committee, the committee members and all of the staff here, thank you for your hard work and public service.

Thank you so much. Have a wonderful day, everybody.

I will adjourn this meeting.

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