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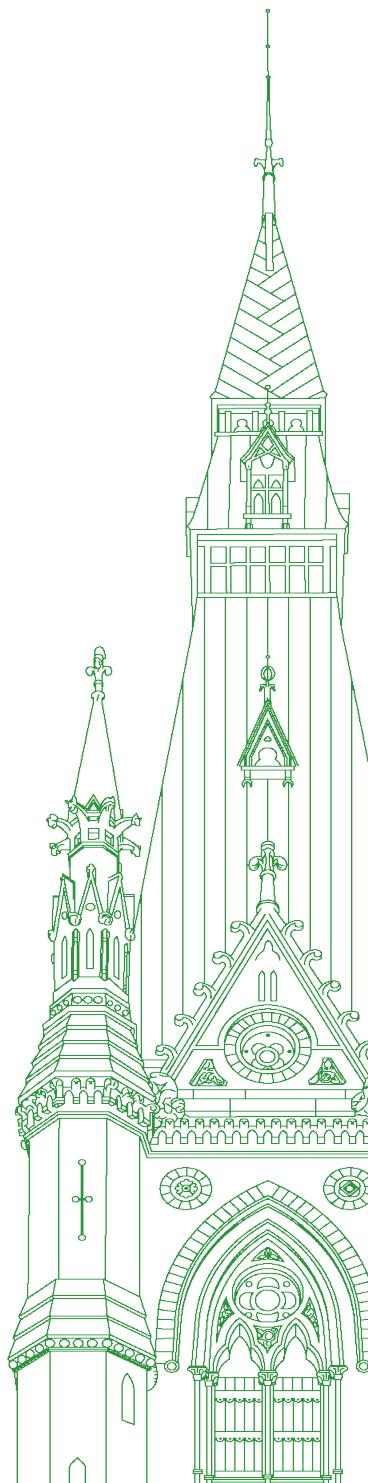
Standing Committee on Finance

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Chair: The Honourable Wayne Easter



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• (1200)

[English]

The Chair (Hon. Wayne Easter (Malpeque, Lib.)): I'll call the meeting officially to order. Welcome to meeting number 43 of the House of Commons Standing Committee on Finance.

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

We are meeting on government spending, WE Charity and the Canada student service grant.

For the first panel, which will go for two hours, I welcome the witnesses on that panel. If you could, try to keep your remarks to about five minutes. That would be helpful and will give members more time for questions.

We will start with the Canadian Women's Foundation, Paulette Senior, president and CEO.

Ms. Senior, you're on. Welcome.

Ms. Paulette Senior (President and Chief Executive Officer, Canadian Women's Foundation): Thank you, committee, for the invitation.

My name is Paulette Senior. I'm president and CEO of the Canadian Women's Foundation, which is Canada's only national public foundation for women and girls, and one of the 10 largest women's foundations in the world. Our three decades of granting work has focused on moving women out of poverty and violence and into safety and confidence.

Thank you for the invitation to appear before the committee to discuss the question of the government's pandemic response.

The mission of the Canadian Women's Foundation is transformative change in the lives of women and girls in Canada. The COVID-19 pandemic has heavily impacted women. For this reason, we would like to encourage the government to ensure that women's safety, livelihoods and well-being are central to all parts of the pandemic response. Women have been put at risk—most severely, women from communities that are marginalized by systemic discrimination.

In terms of women's work during the pandemic, the disproportionate effect of the pandemic on women at work cannot be overstated. The latest numbers from Statistics Canada show that women throughout the country have been hit harder than men when it comes to job losses. There has been a 17% drop in female employ-

ment, compared with a 14.5% drop for men. Additionally, women aged 15 to 24 are suffering the most, with a 30% fall in employment. Overall, women earning the lowest 10% of wages experienced job loss at 50 times the rate of the highest wage earners. This type of granular data, which is revealed by intersectional gender-based analysis, is needed to support decisions on next steps.

In terms of women in the recovery, under the present economic conditions, women are falling out of the workforce. They have stopped looking for work due to high unemployment in their sector and/or the pressures of children not in school or day care. With uncertainty about how long this situation will continue, there is little confidence among these workers. Given that women have lost jobs more than men and are not regaining them, the government must ensure that ongoing plans take into account this disproportional effect.

Major sectors where women are affected directly will need special attention, as they take longer to rebuild. These sectors include retail, the care economy, the non-profit and charitable sectors and the service sector in general, including travel and tourism. Given the number of people who have lost work already, plans to stimulate the reopening of any economic sector cannot go ahead without guarantees that parents will be able to depend on a reliable child care plan. The foundation supports the work of the "Child Care Now" campaign, which advocates for affordable, high-quality early learning and child care to be available to all families. We know that this is key to women's economic security and to violence prevention specifically.

In responding to gender-based violence in the pandemic, stay-at-home orders increased the risk of domestic violence and decreased women's ability to leave abusive homes for the safety of shelters. Evidence of increases in gender-based violence is now clear all across Canada. In Ontario, the York Regional Police saw domestic incidents grow by 22% since COVID-19. The Ontario Association of Interval and Transition Houses says that women's shelters are experiencing a 20% increase. Several provincial crisis lines have reported an increase of 30% in the number of calls they receive.

The organizations we work with are critical organizations when it comes to ending gender-based violence in Canada. From surveys and consultations with the sector, we know that since the start of the pandemic 92% of organizations of all kinds have seen an increase in gender-based violence. More than 50% have seen an increase of up to 30% in the demand for their services, and 67% have launched new services and programs to respond to the crisis, while 82% think that they will not be able to emerge from this crisis.

The government must continue to offer ongoing support to women's services. It has taken decades to build a sector that provides not only essential programming services but knowledge and advocacy that have put women's equality issues such as gender-based violence in the public eye and on the government agenda. We cannot afford to have the sector fail.

Before I finish, I would also like to bring to your attention three key recommendations for budget 2021 that we feel should be included in the response to the consultation. Any items in the recovery budget must have a GBA+ and intersectional analysis. There must be data to monitor the impact of the budget in terms of gender and intersecting identities.

• (1205)

Canada needs a stabilization plan for the non-profit and charitable sector, and funding to ensure thriving women's movements. Imagine Canada estimates that the cost to bring this sector into a strong recovery is \$9 billion. Any stabilization fund must have an intersectional lens, with investments in diverse communities.

Finally, Canada needs to revitalize its social infrastructure through care-sector investments. This means strengthening social policies for long-term care, child care, violence against women and gender-based violence, and prioritizing investments in community and in state models.

The Chair: Thank you very much, Ms. Senior.

We'll now turn to GlobalMedic, with Rahul Singh, executive director.

Mr. Rahul O. Singh (Executive Director, GlobalMedic): Thank you, Chair.

GlobalMedic is a registered charity that has run 220 missions in 73 countries and delivered life-saving aid to 3.4 million people.

When the COVID pandemic began, we turned our full attention to helping Canadians. We deployed our critical infrastructure tenting to help hospitals and keep food banks open, launched an emergency cash transfer program, distributed PPE, assembled and distributed over 100,000 hygiene kits, and packed and distributed over 400,000 pounds of food.

The Chair: Mr. Singh, could I get you to slow down just a little?

You'll have time, and the interpreters are having a little difficulty.

Mr. Rahul O. Singh: Sure. No problem.

We delivered aid across the country and worked with hundreds of local charities.

On April 21 the government announced a \$350-million fund that was programmed through three large partners to help the charitable

sector. While this is a well-intentioned idea, it does have several drawbacks.

The first major drawback of having major partners program money on behalf of the government is that it creates what's called a double administration fee, because the partner that's programming the money takes an administration fee and the partner receiving the money takes an administration fee. Let's make an assumption—and if you read the detailed documents I've sent you, you'll see what I'm basing these assumptions on—that each party is taking 10%. That means that up to \$70 million of the \$350-million fund ends up as dead money in administration and is not converted into food or hygiene items or for shelter support.

I understand that sometimes governments will pay for speed and efficiency, and that's why they'll run programs like this, but if you take a very serious look at this project, you'll see that in this case speed has not occurred. Again, I've given you very detailed commentary from other partners. If you ask, as a committee, for a real-time evaluation of how much money is spent and who has received what money and when money is transferred, you'll see that speed has not occurred in this case, which makes it hard to imagine why we're spending the extra several million in administration.

Last, when we program through large partners, often many agencies get left out and don't get funding, which is disappointing because they may have capacity and good programs. If we weren't losing double administration, we'd be able to reach more of those agencies with the money, which means that more Canadians would get help.

A more direct approach that would yield better results would be to have charities talk directly to public servants, so that the public service could administer funds directly and avoid that duplication. Perhaps a series of strategic grants would be more effective. For example, if the government simply subsidized the salary costs of charities that were fighting COVID, it would yield a better result without losing those administrative costs. Furthermore, it would help protect jobs.

Ms. Senior mentioned how women have been so adversely affected by COVID-19, and the government has raised concerns about the number of jobs lost, especially by women. In this sector, 81% of the people employed are women. The government could go further and offer to underwrite 100% of the existing jobs of charities and agencies fighting COVID for, let's say, 12 months, and then say to those agencies that they'll underwrite that if they hire 50% more people. Not only would a program like that save administration, it would guarantee jobs and increase the number of jobs. Since 81% of the sector is female, there would probably be more jobs created for women, creating a win-win situation and helping charities fight COVID more effectively.

I want to turn to the Canada summer jobs program, because it's a good program but it needs to be improved. This is the third year in a row that GlobalMedic has participated in the program. Some of the drawbacks to the program are that it places an administrative burden on charities without compensation. It's slow. The lack of responsiveness to the program existed before COVID and is now compounded by COVID.

One of the major policy failures this year was the announcement by government to pay 100% of the jobs without infusing more funds. Simply put, when you increase the amount of money paid per job, you're left with fewer jobs. In our case we received three initial jobs. When we realized that we were setting up aid packing sites in different high school and university and college gyms, where volunteers could be packing food kits and hygiene kits, we asked for more jobs. It made sense to us to have the government support students with summer jobs so they could make money to go back to school. We could give them a safe place to work and the work they would be doing would be meaningful because they would be packing aid we were getting to families in need through many charitable partners. We asked for 80 positions; we received two.

The Canada summer jobs program is probably too rigid to handle a crisis response, and it can't meet the needs on the ground. I've gone into detail in my submission on specifics as to why, to give you a better understanding, but I just want you to be aware of that.

Then I want to talk about the student service bursary, and then sum up.

• (1210)

When the Prime Minister announced a program about bursaries on April 22, we were really excited. Our program was a perfect and natural fit—the ability to place students to pack aid and help us fight COVID and help us help families, and the students could make some money to go back to school. Immediately on April 22 when that happened, we reached out to the Prime Minister's chief of staff, other people in the PMO, several cabinet ministers and several MPs. We also invited elected officials to come and visit the sites where we were packing aid, because we wanted them to see the work that was being done. We even got them to pack some aid.

We never heard anything back from the government. This is disappointing because we could easily have hosted 20 students per shift per site, which totals 840 students a week in the GTA, and we could have scaled up launch sites in additional cities.

On June 15, we received an email from WE and were told that they were administering the program. Our agency explained the positions we had, and we entered into a partnership agreement. We have recruited students to participate, and now I'm very concerned that the students will not get a bursary.

When this thing fell apart with WE and the government, we were told by WE that the government would take over. We have room at our sites every day for more students to participate. I immediately wrote to several MPs and to Minister Chagger and was told by Minister Chagger's office that the government was taking over and would be in touch. That was a couple of weeks ago. To this date, we have yet to hear from the government.

I am going to conclude, Chair.

The biggest loser in this will be the students. I am very worried about people falling through the cracks because of poor policy decisions and how they adversely impact people. We're not at the end of the fight against COVID, and we need to learn from what is currently being done to simply improve the process and the programs that are meant to help Canadians. As a nation, we need to rally together to fight COVID. There's simply too much at stake.

My reason for testifying today is just to raise concerns with some of the ways in which the programs that are designed to help Canadians in need have been rolled out. We all need to do better.

Respectfully, Chair, the government needs to do better. There are too many people relying on the support.

• (1215)

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

We'll now go to individuals, with Ms. Krause, researcher and writer.

Go ahead, Vivian. You've been before the finance committee before. You know how this works.

Ms. Vivian Krause (Researcher and Writer, As an Individual): Good morning, everyone. Thank you very much for the invitation to testify today, and also thank you, everyone, for the hard work you're doing on this file.

I've been following the WE Charity from afar for several years now, and over the last couple of weeks I have taken a closer look at its annual reports, website, videos, social media, press releases, financial statements and tax returns—both Canadian and U.S. tax returns. I also looked at the job ads for about 20 positions to see what type of work WE has been hiring staff to do. I have spoken with former staff who have been employed by WE. I'll just say that unless I specify otherwise, I'm referring to WE, the registered charity, when I say "WE".

Overall, what I see is an organization that has grown fast, unusually fast, and has shifted its focus. In terms of revenue, WE Charity has soared from annual revenue of about \$1 million to \$66 million in the span of about 15 years. In total, I find that since 2003, WE Charity, a Canadian-registered charity alone, has reported total revenue of nearly half a billion dollars, about \$490 million in revenue, and about \$470 million in expenditures. That's just what WE Charity, the Canadian-registered charity, has reported.

What has surprised me is that only about one-quarter of the total revenue of WE Charity is from tax-receipted donations. What this means is that three-quarters of WE Charity's revenue is from sources that for some reason are not interested in a tax receipt.

In 2019 alone, WE Charity, according to its U.S. tax returns, was granted a total of \$118 million from U.S. sources, including some very large amounts: Allstate Finance, \$32 million; Microsoft, \$10 million; Unilever, \$10 million; Walgreens, \$8.3 million; and KPMG U.S.: \$4.6 million. The thing that strikes me about this list of donors who account for \$118 million is that so many of them are big brands. In addition to those names that are on the list on U.S. tax returns, WE Charity also partners with the Royal Bank, Telus, Nordstrom, Holt Renfrew, Staples, DavidsTea, The Keg restaurants, Virgin Atlantic, DHL and other for-profit companies.

As I watched some of the WE Charity's videos, I was surprised to see the corporate logos of some of these companies pop up: KPMG t-shirts, Royal Bank t-shirts, the DHL delivery trucks, and so on.

Looking through the job ads, I found that WE Charity has advertised only for positions in sales and marketing. I could not find one job ad for staff in any other country. Now, that just may be the function of the ads that were available at the time. However, a couple of the ads in particular did catch my eye, and I'll give you one example. WE Charity advertised.... The description of the job states that this program between Allstate and WE Charity—and I quote—plays a vital role in Allstate's success. Then the job ad goes on to explain how "by advancing the business priorities of the corporation with reputation-building strategies." That job ad also goes on to say that this program drives business results through improved external reputation with investors, policy-makers, media, customers, consumers and opinion leaders.

I'm almost done here.

I notice that WE has a program called "Track Your Impact", which allows a consumer to go online and input a code when that consumer purchases a WE product. That code links the consumer to information about the village that the consumer is helping with that purchase.

• (1220)

That data, consumer data, is collected by WE—consumer data mostly for children, for young people. WE says, as part of their literature for this specific program, that they have almost four million people in their movement. If that's the case, that's a gold mine of consumer data about a highly desirable, hard-to-reach market segment—children and millennials.

Lastly, this got me thinking: What does WE do with all that data? So I read their privacy policy. I found in their privacy policy that WE clearly spells out the restrictions that WE Charity has promised to adhere to with regard to personal information. It also specifies very clearly that WE does share data with third parties. Last week I wrote to WE and asked, "Who do you share your data with? Do you share it with your corporate partners? Is that part of the reason, perhaps, big companies like Microsoft, Telus and Nordstrom are paying so much to WE?" I also asked whether WE Charity provides this data to political parties, and specifically to the Liberal Party of Canada.

This brings me to the conclusion of my opening remarks. I could say much more, but I will leave it at that for now. In summary, I think questions need to be asked about whether WE Charity is operating for purposes that are exclusively charitable, as is required by law under the Income Tax Act, or whether WE Charity is tapping into the advertising and marketing budgets of these big companies, like Allstate, that granted WE Charity at least \$40 million. This of course raises a series of troubling questions about not only whether the federal government did proper due diligence, but furthermore, whether in fact the government, in awarding this contract to WE, was on the cusp of awarding a \$1-billion contract to a charity that is offside of the law.

Thank you for the opportunity to testify. I'll be glad to answer any questions.

The Chair: Thank you, Ms. Krause.

Our last witness will be Jesse Brown, the publisher of Canadaland. After that, the first round of MP questions will go to Mr. Cooper, Ms. Koutrakis, Mr. Fortin and Mr. Angus.

The floor is yours, Mr. Brown.

Mr. Jesse Brown (Publisher, CANADALAND, As an Individual): Thank you, Mr. Chair, and thank you for the invitation to appear before this committee.

By way of context, I'm a journalist and publisher of Canadaland, which is a small independent news organization and podcast network, which is funded directly by Canadians who support our reporting and want to make it available to everyone. I'm here today in that spirit.

I want to stress that as a journalist with no political affiliation, I take no position on the outcome of these proceedings. Five years ago, Canadaland news became aware of issues concerning the WE organization, and began reporting on them, eventually publishing a series of in-depth stories by reporter Jaren Kerr and a number of more recent articles.

WE is active in over 7,000 Canadian schools. It has received millions of dollars in public funding over the years. The WE organization engages directly with hundreds of thousands of Canadian children. For those reasons, Canadaland felt the public had a clear interest to know more about the WE organization.

I want to use my time here to share with you a summary of facts that Canadaland verified and reported through our years of investigation. I'll be happy to answer any questions you may have about our reporting.

Canadaland has reported on the misuse of charitable funds by WE Charity; fraud and embezzlement within WE Charity, as alleged by WE Charity itself; a culture of systemic racism, which the WE organization has acknowledged and apologized for; and a history of suppressing criticism from within and suppressing journalistic scrutiny from without through intimidation and legal threats that our news company experienced first-hand. Canadaland has also reported on WE's labour issues in terms of youth and youth volunteers. I'm going to describe those in some detail, because they might be relevant to matters before this committee.

Canadaland collected accounts from over two dozen former and current WE employees and obtained supporting documentation that confirmed the WE organization had a troubled history in terms of its treatment of young volunteers and workers, many of whom first encountered WE through their primary and secondary schools when they were children and teenagers.

According to the WE organization itself, employees joined for minimum wage and worked around the clock. Former employees told us that overtime was for many years unpaid, so with all hours counted, employees worked for less than the minimum wage. The excessive hours became a safety risk and health concern in several instances. Former employees described to Canadaland a high-pressure environment, where loyalty and commitment to the "Live WE" philosophy were paramount, and where criticism or failure to meet fundraising targets resulted in being frozen out socially, being shamed and eventually being fired. Fourteen former employees likened WE to a cult.

A former director-level employee told us that it is "incredibly toxic and inappropriate" the way that they treat young people. A former associate director, who left in 2014 said, "The culture of bullying and fear is very pervasive, and that comes directly from the founders". Twelve former employees said they had been verbally abused, yelled at or bullied by Marc or Craig Kielburger directly. One former WE manager, Dan Mossip-Balkwill, said that he was made to feel guilty about doing expense reports, because he was told that the money would otherwise go to "educate starving students in Africa".

Others told us similar things, saying they were told by superiors that if WE provided the resources these employees requested, it

would mean less clean water, fewer vaccinations and less education for impoverished children in Africa. Other young employees expressed ethical concerns about what they were asked to do for WE, particularly with regard to aggressive fundraising campaigns in schoolrooms. One widely expressed concern from our sources was that they had signed up to do charity work for WE Charity, but ended up selling products, doing labour and generating revenue for a private for-profit company.

ME to WE, the company controlled by Marc and Craig Kielburger, was described to Canadaland by a former employee as "first and foremost about money, despite its noble beginnings". While the WE organization insists publicly that the two entities are completely separate and distinct, internal WE organization documents obtained by Canadaland reveal that WE's mission is to create a "single brand experience" with one overarching brand.

The WE organization's claim that 90% of the profits earned by ME to WE are then returned to WE Charity was not something that Canadaland was able to independently verify. What is known is that money flows in the opposite direction, from WE Charity to the Kielburgers' private company. The amounts are significant, \$11 million over the last 10 years.

• (1225)

The amount of money transferred out of the charity and into the private company has increased sharply in the last two years, a period of time in which WE Charity was in breach of its bank covenants, as revealed by WE's own audited financial statements.

As our reporting progressed, the revelations about WE became more serious. Canadaland obtained a recording of Marc Kielburger in conversation with a senior employee who talked openly about bribing government officials in Kenya. This employee made violent threats towards another WE employee.

• (1230)

The Chair: Jesse, you're out of time, but we'll give you a little more. I'm interrupting to ask you to move your mike a little further from your lips. The interpreters are having a problem. You're coming through a little fuzzy.

Mr. Jesse Brown: Okay.

The Chair: If you could wrap up in a minute or a minute and a half, that would be helpful.

Mr. Jesse Brown: That's about what I have left.

When WE was questioned about this recording, WE's lawyer told Canadaland that the employee had been stealing charitable funds from WE and that Mr. Kielburger made the phone call at the request of Kenyan police. When asked by Canadaland to provide documentation supporting this claim, Mr. Kielburger did not.

There was another instance of misused charity funds. The WE organization publicly insisted that they had never paid members of the Trudeau family for speaking at WE Day, but Canadaland discovered this was simply not true. Not only had it paid Margaret and Sacha Trudeau over \$300,000, but \$64,000 of the payments to Margaret Trudeau came directly from WE Charity.

Canadaland also revealed that a daughter of Finance Minister Bill Morneau spoke without pay at a WE Day event and received an endorsement from Marc Kielburger for her book, and that later another daughter of Minister Morneau went to work for WE Day in the same month that Minister Morneau announced \$3 million in government funding for WE.

In conclusion, the information that Canadaland reported and that I just shared did not come easily. The employees who spoke with us did so despite contracts that WE had asked them to sign, which prohibited them from criticizing WE for the rest of their lives, and which claim to hold their heirs liable if they ever do so.

When Canadaland sent the WE organization 11 early questions, they sent us 33 questions back, asking why we were asking questions, what we would be publishing and so on. They later asked us who our sources were. They told us that they wouldn't answer our questions unless we answered theirs, which we refused. Our reporting persisted.

As we continued to investigate, their lawyers hired a private investigation firm to investigate us. Specifically, they investigated the personal life of our reporter Jaren Kerr and my personal life. The information this firm investigated included, for some reason, the name of my then eight-year-old son and speculation about which school my children attended.

My colleagues and I endured these pressures to put all of what I just said onto the public record so that those considering engaging with the WE organization, be they a youth volunteer, a school, a donor or a possible partner, could make informed decisions about how to proceed. In fact, most of the information I just shared has been available on the open Internet for over a year to anyone who cared to run a Google search on the WE organization.

The Chair: Thank you, Mr. Brown. I got it wrong: They're still getting an echo in the interpretation booth. Can you put the mike closer than it was before? That's my mistake. We'll see how that works when we get to questions.

Mr. Cooper, you're on for six minutes.

Mr. Michael Cooper (St. Albert—Edmonton, CPC): Thank you, Chair. I'd be pleased to go, but my understanding is that it's Mr. Poilievre's turn.

The Chair: Okay. Are you there, Mr. Poilievre?

Hon. Pierre Poilievre (Carleton, CPC): I'll let Michael go ahead. I'll wait for the second round, if everyone is okay with that.

The Chair: Go ahead, Michael.

Mr. Michael Cooper: Thank you, Mr. Chair, and thank you to the witnesses.

I'll direct my first question to Ms. Krause.

Ms. Krause, you indicated that you sent a letter to WE seeking confirmation or clarification about whether they share their data with any political parties, including the Liberal Party. Have you received a response?

Ms. Vivian Krause: The question I asked is whether they share data with corporate partners or political parties, or anyone who supports them, and I did not receive a response.

Mr. Michael Cooper: Is there any basis upon which you have to suspect that they may be sharing their data with political parties, such as the Liberal Party of Canada?

Ms. Vivian Krause: Yes.

Mr. Michael Cooper: Could you elaborate upon that?

Ms. Vivian Krause: I have heard that they have done so.

Mr. Michael Cooper: You've heard this through sources?

Ms. Vivian Krause: Yes, but I have no documentation.

Mr. Michael Cooper: When have you heard this?

Ms. Vivian Krause: I heard that this happened as far back as before the 2015 federal election, and that WE data was used to select swing ridings, to target swing ridings, in the 2015 federal election.

• (1235)

Mr. Michael Cooper: Has that, to your knowledge, based upon your sources, continued after the 2015 election?

Ms. Vivian Krause: I don't know.

Mr. Michael Cooper: You don't know.

Ms. Vivian Krause: I know that's when it started, or I've been told that's when it is believed to have started. I don't know with what regularity—or if at all—it has continued. That's why I asked the question.

Mr. Michael Cooper: Right. Again, these are multiple sources that you heard this from.

Ms. Vivian Krause: Well, that the Liberal Party was involved, no. That's only from one source.

Mr. Michael Cooper: Okay, but it's your understanding that substantial data was transferred.

Ms. Vivian Krause: No. I don't know [*Technical difficulty—Editor*].

Mr. Michael Cooper: Okay. The bottom line is that you have some information, but you don't have any further details.

Ms. Vivian Krause: No, except to say that it would.... I think the question here is this: Why was the federal government so keen to award this contract despite all the red flags? What was the reason? Was there a benefit?

I think a database like that, if in fact it is good-quality data.... I don't know how good they are at using Salesforce. I do know that I've seen in their financials that they pay about \$140,000 a year for the Salesforce licence. I don't know what the quality of their data is, but it's a very enviable dataset if it is as good as it could be.

Mr. Michael Cooper: We know, Ms. Krause and Mr. Brown, that WE had been in breach of their banking covenants, starting in 2018. How difficult was that to find?

Ms. Vivian Krause: Whom are you asking? Me?

Mr. Michael Cooper: Either Ms. Krause or Mr. Brown, or both.

Ms. Vivian Krause: It's not difficult at all. Just read the financial statements. It's the first thing you should read if you're looking at any charity.

Mr. Michael Cooper: Mr. Brown, would you concur? You've reported on it.

Mr. Jesse Brown: Yes. This information came to our attention via Charity Intelligence, which is an independent charity watchdog. They found that in the last two sets of audited financials from WE.

I believe that Charity Intelligence did have some resistance getting one set of financial disclosures from WE Charity, but ultimately they did come into possession of those documents, and it was clear that two years running they were in breach of their—

Mr. Michael Cooper: This has been in the public domain for some time.

Mr. Jesse Brown: That's correct.

Mr. Michael Cooper: That's correct, so when WE put forward their proposal to the government respecting the Canada student service grant, this information would have been readily available, easily accessible and widely known. Is that fair?

Mr. Jesse Brown: I think that it was accessible, certainly through the Charity Intelligence report on WE Charity and possibly in other places as well.

Mr. Michael Cooper: How do you square that with representations from officials of the government who say they just had no idea about this from a due diligence standpoint?

Mr. Jesse Brown: I don't attempt to.

Mr. Michael Cooper: Okay. Fair enough.

Now, in terms of the \$64,000 that was paid by WE, through her agency, to Margaret Trudeau, was that money paid back to ME to WE?

Mr. Jesse Brown: According to WE Charity, this was a billing error. Our documentation shows that if it was a billing error, it was actually a series of many billing errors, because payments were in the realm of \$7,500 speaking fees split into two payments. If you think of \$64,000 in payments, that suggests many, many errors.

I'll also point out to this committee that, as we've reported, up until June 26, I believe, WE Charity was telling the public that they had made no payments—neither from their for-profit company nor from their charity—to the Trudeaus at all. To their later statement that when they realized these billing errors, they reimbursed the money, it logically follows that they realized these errors when Canadaland showed them that we knew about these errors, at which

point—I'll give them the benefit of the doubt—they reimbursed their charity.

The Chair: This will be your last question, Michael.

Mr. Michael Cooper: We've seen a lot of money going back and forth between WE and ME to WE, and also from ME to WE to WE. It's WE's position that in the end, WE has come out on top.

Could you discuss or explain donations compared with contributions, and how in fact WE may not have come out on top, in the end?

• (1240)

Mr. Jesse Brown: As Canadaland reported, based on our interview with Kate Bahen of Charity Intelligence, when ME to WE—the company—moves resources to WE Charity, it is as a mixture of money, time and products, and because ME to WE is a privately held company, we don't really have much insight into what that mixture is. However, when WE Charity moves charitable funds raised in our schoolrooms and elsewhere to the Kielburgers' private company, it's as cash.

The Chair: We will now turn to Ms. Koutrakis, followed by Mr. Fortin.

Annie.

Ms. Annie Koutrakis (Vimy, Lib.): Thank you, Mr. Chair, and thanks to all the witnesses before us this afternoon. My questions will be addressed to Ms. Senior.

I'm personally committed to helping women and girls in general, and particularly during the pandemic. I was so pleased that our government was able to provide much-needed funding to women's shelters and sexual violence centres, including to organizations in my own riding of Vimy in Laval, Quebec.

Ms. Senior, I want to begin by drawing attention to a few statistics on the students who applied to the CSSG program. It has been noted in the media as well that 64% of the applicants for the CSSG identified as visible minorities, that 23% were from rural Canada, and 10% were from the LGBTQ2 communities.

Clearly, this is an incredibly inclusive program that has worked to create opportunities for groups of Canadians who have been traditionally under-represented. I'm extremely saddened that there's been a delay in rolling out this much-needed program to students, to the not-for-profit organizations and to the end-users who are the people who need it the most.

Can you share your thoughts on why programs such as the CSSG are so important to women and girls, and especially to those who identify as visible minorities or who belong to the LGBTQ2 community?

Ms. Paulette Senior: Thank you for the question.

I can't speak about details of that program, because we were not among the folks who signed up to participate, and that's because of our work. Our work is really focused on supporting women's organizations, particularly during COVID, which were experiencing increases due to gender-based violence during the pandemic.

I mentioned the statistics around that. The Canadian Women's Foundation has had 30 years of granting, so we have deep experience in this, and we've been able, over the past 10 years or so, to partner with the government on a number of different initiatives.

For this particular time that we're in, we were able to secure funding that would then be distributed to hundreds of organizations across the country—first, the sexual assault centres. Then, we are currently in the midst of distributing funds to gender-based violence organizations, which, as you know, have experienced significant setbacks in their ability to do their work effectively while being able to support and provide services and programs to women in need.

That's what I could speak to in terms of the student program. Mr. Singh may have more information about it, but that is the work that I can speak to as the Canadian Women's Foundation.

Ms. Annie Kourakis: Is your organization experiencing challenges in attracting volunteers because of the COVID-19 pandemic?

Ms. Paulette Senior: Well, what I've heard specifically from the grantees we fund across the country is that, in their response to addressing COVID, they experienced setbacks in being able to utilize the services of volunteers, for a number of reasons. One is around safety precautions, being able to access PPE, and being able to have only those within their places of service who could directly serve their clients. While they may be able to use volunteers, being able to pivot quickly to figure that out was something they needed to do.

We haven't had organizations say to us that this has been in the top 10 or top five issues they're contending with, because when you're dealing with issues around gender-based violence, you want to be able to respond quickly to make sure folks get access and make sure women can leave abusive situations to be able to enter shelters or other kinds of gender-based organizations.

That's what I could speak to. I couldn't speak to matters with respect to volunteers.

• (1245)

Ms. Annie Kourakis: I know that your foundation, as you mentioned in your testimony, does very critical work for women, and we have seen the disproportionate impact this crisis has had on women, as per your testimony and so many other witnesses before the committee before today.

As we turn towards recovery, what additional steps would you like to see the government take to make the recovery inclusive, beyond the three recommendations that you mentioned in your testimony?

Ms. Paulette Senior: We feel that this is a critical moment, particularly for the women's sector, but the charitable sector overall. It's important that we recognize the contributions that the charitable sector makes to this country. Were we not around, we would have a very different society and very different impact in terms of matters around poverty and so forth.

For us, it's important that we have healthy, vibrant organizations. Core funding is critical to that. We need to be able to build better. We need to be able to establish a new normal for charitable organi-

zations that is mindful of the issues that are really impacting the lives of women, people living with various multiple barriers and racialized people, as you mentioned, LGBTQ2S people, and people on the non-binary spectrum, people who are living in poverty and migrant workers.

There's a whole group of organizations that really need to be supported, and organizations that we and others fund and are working with are the ones that deliver these services. We need to really be stabilized. We need a stabilized fund investment that will ensure that we can continue our services.

A lot of these organizations, whether they're our grantees or not, depend not just on the staff but on the supporting structures around them. We are a national network of organizations that we convene from time to time to talk about how to best improve our services. We've heard from them that they need to be able to have stabilized funding in order to continue their work.

The Chair: Thank you, all.

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

I don't believe Mr. Fortin is there.

The Chair: We'll go to Ms. Gaudreau.

Go ahead.

[Translation]

Ms. Marie-Hélène Gaudreau (Laurentides—Labelle, BQ): Good afternoon.

My first question is for Ms. Senior.

Ms. Senior, I listened carefully to your comments. What you are doing is highly commendable. I have a few simple questions for you.

I am trying to establish whether there is a connection. Were you contacted by the WE organization?

[English]

Ms. Paulette Senior: No, we were not.

[Translation]

Ms. Marie-Hélène Gaudreau: Okay.

In the course of its activities, has your foundation ever received a government grant?

[English]

Ms. Paulette Senior: Yes, we have. As I mentioned in my previous comments, we are an organization that has been established to provide grants. We are a national network of women's organizations across the country, so we've been able to pivot quickly to direct funds to the sector, particularly to gender-based violence organizations across the country.

● (1250)

[*Translation*]

Ms. Marie-Hélène Gaudreau: How much federal government funding have you received to date?

[*English*]

Ms. Paulette Senior: We've received \$13 million to date in two separate pots of funding, one to distribute to sexual assault centres, which we were able to do in a matter of three weeks to 93 organizations, and then most recently, in the past couple of weeks, \$10 million to distribute to gender-based violence organizations, which we are in the midst of doing. We've already been able to distribute to over 200 organizations, and counting.

[*Translation*]

Ms. Marie-Hélène Gaudreau: Thank you, Ms. Senior.

I now have a few questions for Mr. Singh.

Mr. Singh, you talked about the mechanisms and so on. Let me give you a few moments to tell us more, since you had very little time earlier.

[*English*]

Mr. Rahul O. Singh: On the mechanisms that I was referring to, do you mean the \$350 million or the other two grants?

[*Translation*]

Ms. Marie-Hélène Gaudreau: I'm talking about the other two grants.

[*English*]

Mr. Rahul O. Singh: So the summer jobs and WE Charity.

[*Translation*]

Ms. Marie-Hélène Gaudreau: That's right.

[*English*]

Mr. Rahul O. Singh: I was saying about the summer jobs program that when we were in discussions and asking for additional jobs, we had a response from Service Canada that said we could only apply for jobs in Etobicoke—Lakeshore because that's where our riding base was, even though we were saying we could put people in positions in Scarborough, Rexdale, Brampton. There's a significant disconnect between the 80 positions that we're asking for with the intent to benefit students so they would make money to be able to go back to school, and then the government saying they could only give us positions for Etobicoke—Lakeshore. That program is probably just too rigid to be able to work in and respond to a crisis like this.

The other thing I was saying with it is that in the way it's funded, it's not funded well. When they announced 100% funding for the specific jobs, it decreased the number of jobs. You can ask many charities. They put in for x number of jobs, and they got much less than x , which doesn't go in line with what the government was saying. It was using these programs specifically to boost and help charities, but unfortunately it hasn't gone as well as it can go.

[*Translation*]

Ms. Marie-Hélène Gaudreau: Thank you, Mr. Singh.

Given your expertise, can you tell us the difference between a call for tenders and a contribution agreement by the federal government?

[*English*]

Mr. Rahul O. Singh: One would actually have competition, where different groups would be submitting their ideas and you could actually evaluate value for money. You may have noticed in my testimony, when I was talking about programming large amounts of money through single groups, that you do that because you want them to be fast, efficient, quick, and you want money distributed. When that doesn't happen, you have to ask yourself why you're paying these double administrative fees and where the money is going. The other thing is that a contribution agreement doesn't really allow for competition. It's just going into a single group and there's less transparency, you could say.

[*Translation*]

Ms. Marie-Hélène Gaudreau: Do I still have time for one last question, Mr. Chair?

[*English*]

The Chair: Yes.

[*Translation*]

Ms. Marie-Hélène Gaudreau: Mr. Singh, in your opinion, does the public service have everything it needs to manage this program?

[*English*]

Mr. Rahul O. Singh: I think, respectfully, that the federal public service is excellent at this work, and if they were just given more opportunity to actually program directly, charities could just deal with them directly and lose that middle layer. What would happen is that more funds would go into the system, more funds could go to the hard parts of aid and get charities the money and the support they need.

Ms. Senior is talking about core funding. One great way of establishing core funding is having charities deal directly with the public service. Some of these other programs that are created may be well-intentioned but they're not fully effective if they're presented on their own. The document I've submitted to you gives a lot of specific examples on how a more holistic approach could be done that would produce better results for Canadians and help more people. I apologize that it's not in French. We've sent you a translated version.

● (1255)

The Chair: Thank you, both.

We will turn to Mr. Angus, followed by Mr. Poilievre.

Charlie, you have six minutes.

Mr. Charlie Angus (Timmins—James Bay, NDP): Thank you so much, Mr. Chair.

The question of why we are here is really about the decision to take \$900 million and transfer it to a third party organization that has very close connections to the Trudeau family and Mr. Morneau. We learn this morning that the money was transferred to a real estate holding company of WE. In all my years in Parliament, I never heard of anything...that's how we do business in this country.

Mr. Brown, I want to ask you a bit about the real estate holdings of WE Charity. My daughters were involved with Free the Children when they were young. It seemed like a really great grassroots organization. I can't keep track of the multiple corporate entities that have grown up around the Kielburgers—some transparent, some very murky.

Can you place the real estate holdings in the context of where they are as an organization?

Mr. Jesse Brown: Mr. Angus, I'm going to try to limit myself to what we've reported already.

As you have pointed out, many different entities hold real estate, both for WE's private companies and for their various charities—holding companies, the Kielburger family themselves and relatives of the Kielburger family. It's incredibly complicated.

Some colleagues of Canadaland and other news organizations have been doing a terrific job beginning the work of untangling all of that, and Canadaland will have some information on that soon, but I hope you'll respect the practice of journalism as such that before we have things completely nailed down I hesitate to comment here on what I wouldn't report through our news organization.

Mr. Charlie Angus: Thank you. I really appreciate that.

I'm going to refer to one of your articles—your interview with Charity Intelligence—where they said the fact that the WE group was holding so much real estate debt in terms of short-term, on-demand loans was a huge red flag. Is that unusual for a charity, and do you think that put a lot of financial pressure on the Kielburgers, in terms of these short-term real estate debts they were holding?

Mr. Jesse Brown: I can speak to that, having interviewed Kate Bahen of Charity Intelligence. She told Canadaland she'd never seen anything like this and she likened the way WE Charity was leveraging itself to somebody with a credit card with a \$10,000 limit who was constantly at \$9,500. This was short-term, on-demand loans and revolving debt. Given that WE Charity was investing so heavily and so rapidly in Toronto real estate, to her eye as an independent auditor “a massive, massive red flag”—I believe that was the phrase—was raised as a result of what she saw in their audited financials.

In the audited financials, something popped out at me. The auditor brought up the responsibility of management for assessing the organization's ability to continue as a going concern in light of the breach of these bank covenants two years running. The auditor WE Charity chose to audit their financials said that unless management either intends to liquidate the organization or cease operations, or has no realistic alternative but to do so, they must maintain this responsibility to keep this going. This is a very sober warning that was not routine. There was nothing like it in their previous financial statements.

One thing we did point out in our reporting is that when WE Charity was in this seemingly very precarious financial situation, that's when the amount of money flowing out of the charity into Marc and Craig Kielburger's private company increased sharply, in the last two years, up to, I think, 8% and then 7%. Prior to that, WE Charity was moving money to the private company, but at a rate of about 2% of revenues. When you consider that this is in the neighbourhood of a \$60-million charity, 7% or 8% of charitable revenues is a significant amount of money.

• (1300)

Mr. Charlie Angus: That's very interesting. So we know they were having to pull money out of the charity into their private corporation, and we know there were defaults on the bank covenants. These red flags were being raised. Then COVID hits, and their business model, which is mass rallies backed by corporate sponsors, is wiped out. I'm wondering if this would have created a financial crisis that precipitated their attempt to go to the government to get a program. That's the first question.

Then there is the fact that the government agreed to funnel the money through the real estate holding company. Would that have been done to stabilize the debts so they didn't have to liquidate their real estate assets?

Mr. Jesse Brown: To your first question, I think that's a terrific line of inquiry that we are pursuing as well. It's not something I'd speculate on.

To your second question, I know what you know from the terrific Global News report today, which is that, by WE's own description, they set up this other entity, this new entity, for exactly that reason—to limit their liability.

I would just add for the committee that WE has brought up the impact of the pandemic on its charitable operations. I do not doubt that it was significant. Canadaland has not been able to independently verify that the financial trouble at WE is solely based on the pandemic, and the breach of the bank covenants precedes the pandemic.

The Chair: We will have to move on. I'm sorry. We're out of time there, Charlie. We're slightly over.

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

Pierre, the floor is yours.

Hon. Pierre Poilievre: Thank you very much.

My question is for Mr. Brown.

Mr. Brown, you've just cited the Global News report today that the government signed a contribution agreement not with WE Charity, as the Prime Minister first claimed, but with the WE foundation, whose sole purpose is real estate holdings. Do you not find this to be spectacularly bizarre?

Mr. Jesse Brown: My opinion of how strange that is is not something that I want to offer for the purpose of this committee. I hope you'll appreciate that I prefer to keep my punditry elsewhere and limit myself to my reporting. I think people can come to their own conclusions about whether that is in fact really bizarre.

Hon. Pierre Poilievre: All right. Well, I've come to mine, so my next question is whether or not you have any speculation as to why the government would direct this kind of contract to a real estate foundation instead of to the charity itself, and why the Kielburgers would prefer that arrangement.

Mr. Jesse Brown: Again, I'm going to refrain from speculating, Mr. Poilievre.

I will note that keeping track of the labyrinthine structure of this organization makes reporting incredibly challenging, not merely because we take accuracy so seriously, but because the WE organization has responded aggressively when any critics or journalists have—I think in good faith—confused or conflated ME to WE, WE Charity, Free the Children and entities by the same name in different countries that are very different in their makeup.

I can understand that referring to a charity as a private company could have an impact on that charity, but the stated internal mission of WE to create one brand that encompasses everything I think absolutely leads to confusion, not only among children, whom the organization engages with as both fundraisers and customers, but also among journalists who are attempting to scrutinize and hold accountable this organization.

Hon. Pierre Poilievre: How many different entities are part of the Kielburger empire?

Mr. Jesse Brown: We are aware of 12 in North America. Some of this is completely doing NGO work and international development. You must set up separate entities in these countries; some of this is really understandable. But in Kenya, I believe, there are four different companies. The same issue of assets moving from charities to for-profit companies is something that Canadaland is looking at very closely throughout this global empire of entities.

• (1305)

Hon. Pierre Poilievre: Do you have any comments or observations on the rapid change of hands of numerous expensive properties in Toronto among the Kielburgers and other members of the WE network?

Mr. Jesse Brown: I won't speculate. My only comment is that when Canadaland inquired about the real estate holdings, the extensive real estate holdings, of the Kielburger family, we were told both by attorneys representing Fred and Theresa Kielburger and by the WE organization that these are completely separate affairs and to conflate the two would be a terrible defamation.

The WE organization has now itself brought up the Kielburger parents' holdings in its real estate philosophy statement on its website. The more we learn about the private holdings of the family, the more we discover that they are very much intertwined with the extensive real estate holdings of the charity and of the private for-profit companies of WE itself.

The Chair: This is your last question, Pierre.

Hon. Pierre Poilievre: The WE Charity originally denied having made any payments to the Trudeau family for speaking fees. As a result of your reporting, we now know that those speaking fees occurred, but we don't know how much in expenses—purported or otherwise—WE Charity paid for members of the Trudeau family. I'm not now talking about fees, but expenses to transport Trudeaus from place to place, or to cover their accommodation while they were in attendance.

Do you have any knowledge of how much that number would be?

Mr. Jesse Brown: No.

I know that WE Charity has confirmed that they paid for Sophie Grégoire Trudeau's expenses during the trip to the U.K. I am aware that media questions have been submitted to the WE organization about the exact number. I do not believe that those figures have been disclosed.

The Chair: Thank you, both.

We will turn to Ms. Dzerowicz, followed by Mr. Morantz.

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

I want to thank all four panellists for presenting today. I am very grateful.

My first question is a quick one for Ms. Senior.

Ms. Senior, thank you so much for the amazing work of the Canadian Women's Foundation. I know that you're a champion for many of the small organizations in my riding. Because they're so tiny, they tend to work with larger organizations like yours.

One of the questions before the committee has been whether or not it's effective for the federal government to work with non-profits to actually deliver funding as quickly as possible. You've indicated that you've received a certain portion of the \$50 million that we've put out in emergency funding for women's shelters and sexual assault organizations. Do you think working with organizations like the Canadian Women's Foundation was an effective way for us to get money out fast to women's shelters and sexual assault organizations?

Ms. Paulette Senior: I'm happy to say that I actually do think it's efficient. We have been able to get the \$3 million out to sexual assault centres in a matter of three weeks. That was quite efficient and effective, and organizations have told us in their own testimonials how grateful they've been for that.

We've been able to provide that additional \$10 million in funding. I believe the number we've funded to date is 245 organizations through this. We've made the process simple and effective, with very little paperwork, which would be the usual non-COVID way of working. It's been effective.

We were able to get that out. Once an organization filled out the form, we would get back to them within [Technical difficulty-Editor] business days. That was very effective and efficient on our part and we were—

• (1310)

Ms. Julie Dzerowicz: Ms. Senior, I'm sorry to cut you off. It's just that I have three more questions. Thank you so much, and thanks for getting that money out. Thank you for helping the organizations in my riding as well.

My next question is for Ms. Krause.

Ms. Krause, I want to make sure I have this right, so please confirm this. You indicated that WE had shared data to the Liberal Party in 2015 in order to help the Liberal Party target ridings to win. Did I get that right?

Ms. Vivian Krause: I said that I wrote a letter last week to WE asking what they did with the data. I asked them if they give it to their corporate partners, if they give it to political parties, or if they give it to anyone working on political campaigns. I asked them what they do with the data.

Ms. Julie Dzerowicz: Ms. Krause, you said that there is one source that had indicated to you that data was shared by WE to the Liberal Party in order to help them target ridings to win. Did you not say that?

Ms. Vivian Krause: I have no evidence of that. I was just told that. I don't have any documentation, so—

Ms. Julie Dzerowicz: Okay.

I do have some other questions. I just wanted to make sure I had that right. I was going to ask you whether or not you had any proof, because it's very difficult to leave those questions out there hanging.

Ms. Vivian Krause: Yes.

Ms. Julie Dzerowicz: To be honest, that was my question to you—was there any proof—and you indicated that you don't have any proof on that. I appreciate your indicating that.

My next question is for you, Mr. Singh. Your organization, GlobalMedic, is very well known. Thank you for your extraordinary work around the world and also nationally.

You indicated that the biggest loser of the Canada student service grant program has been students and that we as a government need to do better as a program.... I don't think there's anybody who doesn't agree with you more. I know that our Prime Minister has said that our students are the biggest loser in terms of everything that's transpired around this Canada student grant program.

I guess my key thing to you is that when we were launching all these programs, it's often said that perfection can't be the enemy of the good, and we were rolling out a number of things very, very quickly. We're going to start seeing that we made some mistakes. In some cases, we did things really great, very fast and very efficiently. In other cases, that wasn't the case.

I just want to say thank you for your excellent suggestions. I think we're all looking right now to our public service to see what we can salvage of the program and how we can actually move forward on it. You've made some recommendations. Are those recommendations inside the document you sent us?

Mr. Rahul O. Singh: They are. I would also like to respond to your comment.

Ms. Julie Dzerowicz: Sure.

Mr. Rahul O. Singh: First of all, the government is doing its best. I understand that. You have great intentions in getting programs out. The concerns I'm raising are about efficacy and doing things better. We're in the long haul of a fight here. We're not at the end of this fight. Chances are that your government will be programming more money. If we can make that additional money more effective and do a better job with it, then we'll help more Canadians.

The biggest loser definitely is the students. What I really want to know is this: How are we going to be able to put more students into our gymnasiums in schools where they can pack more aid so that we can drive costs down and help more shelters and deliver more hygiene kits to certainly some of the shelters that Paulette's group helps? I do respect that we're doing our best and we're trying. I'm glad you're admitting that some mistakes have happened. I'm so hopeful that we can put politics aside for just a second and ask how we're going to do more, and better, to help the folks who really need it.

I have given you a lot of suggestions there, but I think the greatest suggestion would be to deal directly with charities. Just infuse funds directly. If you just underwrote our human resources or our rent or basic operation costs, we could liberate funds to just go ahead and target the work that needs to get done. Those programs aren't really on the table right now, because the wage subsidy doesn't really apply to us. I know we've opened that up, but there are better ways, and direct ways, of dealing with our very efficient public service to do that.

Ms. Julie Dzerowicz: Thank you.

The Chair: Thank you, both. We are substantially over.

Just so you know, Mr. Singh, the document you sent in will be translated and sent out to members.

We'll turn now to Mr. Morantz, followed by Mr. Fragiskatos.

Marty.

Mr. Marty Morantz (Charleswood—St. James—Assiniboia—Headingley, CPC): Thank you, Mr. Chair.

I'll start with you, Ms. Krause. Boy, from what we've heard so far, it just sounds like such a swamp and a quagmire it's hard to see through it all. I just don't know that we'll get to the bottom of it, actually, through these committee meetings, at the end of the day.

Canadians at the very least deserve that their government respects their taxpayers' dollars. With WE it appears we have a situation where it was in breach of its obligations to its bankers. This was all information that was available. I saw the 2018 financial statement on their website. It was public information. Anyone in the public service could have seen it. That alone should have pre-empted the awarding of this contract. The company's under financial duress. There are loans that need to be repaid. Virtually their entire board just resigned. That alone should have pre-empted the awarding of this agreement. The Prime Minister and Minister of Finance had obvious conflicts of interest. That alone should have pre-empted the awarding of this agreement. WE is not even a registered lobbyist and yet had major access to high-up government officials. That is a huge red flag.

Craig Kielburger is a member of the Leaders' Debates Commission at the same time as he's putting out campaign-style ads featuring the Prime Minister. I don't even know how to describe that. It just seems like such a huge conflict. Again, that alone should have pre-empted the awarding of this contract. The relationship between the government and the Kielburgers was so close it was bound to raise questions about an almost billion-dollar program being turned over to them. Any neutral observer of these facts, and these aren't all of the facts, would have to come to the conclusion that this is just not an honest use of taxpayers' dollars.

My preamble was quite lengthy, but I wanted to give you a little more time. You said in your opening statement that you could use a little more time.

Why would the government do this? They must have recognized all of these red flags. What would be any other reason that they would actually plow ahead and do this?

• (1315)

Ms. Vivian Krause: That's the big question here: Why? Why all these red flags and why were they all ignored? That's what got me looking into this.

There's one issue that we haven't talked about yet and that's the elections activism of WE.

In the 2015 election, for example, they authored an op-ed in the *Globe and Mail* urging youth to get out and vote. If you watch their videos, you'll see, for example, a little button which says "I voted today", inserting the imagery of young people voting as part of being a good person. It's part of the brand of the WE movement: "We're people who vote."

Even last fall in the 2019 election, WE hosted a federal election debate viewing party. This organization very clearly is about getting out the youth vote.

The question is, does that factor into any of the reasons why it got this money? I don't have the answer, but my hope in coming to the committee is that what I've shared, and of course what others have shared—Jesse brought up many important points—will help the committee to identify the right questions.

If you're asking the wrong question, it doesn't really matter what the answer is. There's been too much discussion on the speaking fees of the Trudeau family and the Morneau family operations. Per-

sonally, it doesn't make sense to me that this would have been the reason for a billion-dollar contract. It just doesn't make sense.

What does make sense is the fact that WE is part of the Liberal Party election machine. That makes a lot more sense.

What I'm suggesting is that the committee.... My understanding from Twitter is that the Kielburgers are going to come and testify. They should answer the question, yes or no, do they provide data or any information to any political party?

Mr. Marty Morantz: You mentioned you had written a letter to them asking that very question. When did you send that letter?

Ms. Vivian Krause: Last week.

Mr. Marty Morantz: If the answer was no, it would have been simple just to reply no.

Ms. Vivian Krause: In fairness to them, they've probably been under a lot of pressure lately.

There are many big brands. The most nervous people these days must be the people in the boardrooms of the Royal Bank, Telus, Nordstrom and Ford Motors. All these big brands have given WE literally tens of millions of dollars.

There's one more point that I want to mention which hasn't been raised with regard to WE's financials.

On the expenditures, more than half of its total expenditures—well over \$200 million—was unspecified. That's 52%. Another 11% was the fair market value of donated goods. That's two-thirds of its expenditures, and because it doesn't provide consolidated financial statements, there's no way of knowing whether those expenditures are just paying back and forth between the various entities.

• (1320)

The Chair: Ms. Krause, corporate donations, whether in money or services in kind, were abolished in 2003. Have you checked with Elections Canada? If there were donations in kind or in money for a corporation, that is entirely illegal.

We ought to be very careful at this committee. I know you are immune from being charged for what you say at committee, but if you said something in public, you could be challenged by legal counsel.

Do you have any evidence that there were donations to the Liberal Party in kind or in service? You said it was part of the Liberal Party election machine. That's a very serious charge.

Ms. Vivian Krause: Let's clarify.

There are many ways to be part of the election machine of any political party without making a cash donation. In fact, the way elections are run these days, it's the in-kind donations that are making the biggest impact, something as simple as a tweet from Barack Obama in the last election. Therefore, it's not just about cash.

Mr. Easter, if I may mention, I testified to your committee a year ago, on May 6. In that testimony I mentioned that I was concerned about how the political activity audits of charities had been handled. I mentioned that the CRA had audited 42 charities, and 41 out of 42 were not compliant. When Prime Minister Justin Trudeau was elected, he suspended those audits, rewrote the law, and the audits were finalized with a retroactively rewritten law.

In light of this WE Charity issue, we need to know who the audited charities were. Is WE one of them? Is WE Charity one of the charities that was under audit?

The Chair: Ms. Krause, there is no question that we need to get to the bottom of this, but some of the speculation injures parties, injures reputations. At this committee hearing, I want us to stick as close to fact....

I don't care whether it's the Liberal Party, the NDP, the Conservative Party or the Bloc Québécois, speculation is not what we want to see. We want to get close to the facts.

I'll turn to Mr. Fragiskatos.

Ms. Vivian Krause: May I make one more very important point?

The Chair: Let's hear it.

Mr. Charlie Angus: Mr. Chair, on a point of order, we're now delving into stuff not to do with our committee. These are side issues.

You asked a good question, but we need to allow the members to be asking questions.

The Chair: That is correct. Thank you, Charlie.

Mr. Fragiskatos, you have five minutes, followed by Ms. Gaudreau, I guess it was, but now Mr. Fortin—one or the other.

Mr. Fragiskatos.

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

I would just add that the advocacy that it gets covered here is interesting, trying to connect dots that don't exist. It's perfectly legitimate to ask questions, but when we are tying the advocacy around youth voting to the political machine of political parties in this country, that's reaching a bit far, to put it politely.

I do want to focus my questions on the Canadian Women's Foundation, though.

Ms. Senior, thank you very much for your testimony. Could you go once more into the nature of the contribution agreement that you have at the present time with the Government of Canada?

• (1325)

Hon. Pierre Poilievre: Mr. Chair, on a point of order, it has been your practice that if a member of the committee makes a comment related to one of the witnesses, the witness gets the chance to respond. While Mr. Fragiskatos' question to the other witness should obviously get a response, Ms. Krause should have the chance to defend herself and at least respond to Mr. Fragiskatos' comment.

Thank you very much.

The Chair: We will let her in, following the response to where he directed the question. I usually do that.

Go ahead.

Ms. Paulette Senior: Thank you for the question.

As I said earlier, we've been provided with two separate agreements with the government in response to COVID. The first one, which was done in April, was \$3 million. With the exception of Quebec, which was dealt with separately, we were able to distribute funds to sexual assault centres across the country, which was about \$3 million to do that. We did that within three weeks.

The second one, as I said, was \$10 million. We have several hundred organizations we've been distributing that to, and we've already done about two-thirds, or thereabouts, in terms of distribution across the country.

Mr. Peter Fragiskatos: Thank you very much.

As far—

The Chair: Peter, I will let Ms. Krause have a 20-second response to what you suggested, as well.

Go ahead, Ms. Krause.

Ms. Vivian Krause: Something about the awarding of this billion-dollar contract to WE Charity just does not make sense. We need to find out why this was done. When one considers the Hollywood-style advertisements, the video promos of the Prime Minister, the elections, meetings, the vote stickers and all the other things, the question needs to be asked. Even if it's an uncomfortable one, it's a fair one.

Lastly, Mr. Easter, if I may mention, as an important point here, after I testified to your committee a year ago—

The Chair: I am going back to Mr. Fragiskatos.

Go ahead, Mr. Fragiskatos.

Mr. Peter Fragiskatos: Thank you, Mr. Chair.

To Ms. Senior once again, can you tell me a bit about the process that led up to the signing of the contribution agreement? What was it about the Canadian Women's Foundation that you put forward in terms of the ability of the organization to be well positioned to carry out the contribution agreement, to reach out to the various organizations that you've been reaching out to throughout this experience of COVID-19? You must have an incredible network, an incredible reach as an organization.

My guess would be that this would be one of the key reasons behind your organization being chosen. Is that correct?

Ms. Paulette Senior: Yes, that's correct.

In fact, we did a couple of things. We realized the impact of the pandemic on the fundraising activities that would have been happening right there in the spring, so it was important for us to first reach out to our grantees and start gathering feedback: What was their experience?

I mentioned some of those, in terms of immediate decrease of their fundraising dollars, and also the inability to know whether or not they could keep going and how long they could keep going. We were able to turn that around very quickly to be able to share that with government.

We were able to then demonstrate that with 30 years of granting and building a network of women's organizations, we had the ability and capability and capacity to be able to put money right in the hands of women's organizations to support women in the country.

That's the reputation we've built over the years, and that's why the government decided to work with us on this.

The Chair: This is the last question, Peter.

Mr. Peter Fragiskatos: Thank you very much.

I highlighted the phrase you used, that you were able to "pivot quickly" to provide funding to gender-based organizations across Canada—organizations dealing with gender-based violence, of course. That stood out.

Mr. Chair, I guess I'm running out of time, but I want to put something to Mr. Singh.

Mr. Singh, you said that charities—and I highlighted here specifically, writing it out—ought to, in your view, "deal directly with the public service".

Is it unreasonable to perhaps suggest that COVID-19 is a particularly unique context that would allow for the consideration of contribution agreements? We've heard already from Ms. Senior about the efficacy of such contribution agreements.

When we have a public service that's seized with responding to COVID-19, doesn't it make sense to look at contribution agreements such as the ones that the government has signed with the Canadian Women's Foundation, the Red Cross, with Food Banks Canada? I know that no process is going to be perfect, but it's not unreasonable that we've seen the government go in this direction.

• (1330)

The Chair: To the question, Peter—

Mr. Peter Fragiskatos: It's the question about the reasonability of using contribution agreements in a crisis situation.

The Chair: Mr. Singh.

Mr. Rahul O. Singh: You're not wrong in using the contribution agreements—that's fine—but you have to evaluate the efficacy of the contribution agreements.

Frankly, Peter, you've just proven my point. You've given Ms. Senior's group \$13 million, \$3 million of which she's programmed, and she just told you that she's two-thirds of the way through the \$10 million. When you calculate the amount of time it's taken—and I'm sure she's done an effective job with it in getting aid to their network—it proves the point. It's going to their network; it's not go-

ing to outside agencies that may be doing really good work. So there are people on the outside looking in who are not getting those funds.

The other thing to consider now is that she's talking about \$13 million. I'm talking about \$350 million to three parties, as opposed to \$13 million to one party. Respectfully, if we had gone with an approach to multiple parties to do multiple contribution agreements, perhaps regional, perhaps sectoral, I would say you'd have better value for money. The public service could have done that.

If you take the approach of using multiple ways of doing this, so contribution agreements plus innovative funds plus regional response funds—and this is all in the document I presented to you—you would have a better holistic approach to helping Canadians in need.

I'm not saying that what you've done is horrible. What you've done is good, but it could be better.

The Chair: Okay, we'll have to end it there.

I would like to get to five more questions. We'll start with Mr. Fortin and then Mr. Angus, Mr. Cumming, Mr. Bittle and Ms. May.

Mr. Fortin, you have three minutes.

[Translation]

Mr. Rhéal Fortin (Rivière-du-Nord, BQ): Thank you, Mr. Chair.

I just want a little clarification about the testimony we have just heard. The interpreter was talking about \$350 million to three different parties. Were you talking about three political parties or three third parties? What exactly were you referring to?

[English]

The Chair: You're directing that to Mr. Singh, I assume—

[Translation]

Mr. Rhéal Fortin: Yes, that's right.

[English]

The Chair: —the \$350 million, Mr. Fortin.

Mr. Singh, do you want to comment on the \$350 million?

[Translation]

Mr. Rhéal Fortin: You were talking about three parties. Were you talking about political parties? What were you talking about?

[English]

Mr. Rahul O. Singh: In April, the government announced \$350 million to be programmed by three charities: the Red Cross, the United Way, which is called Centraide in Quebec, and—

[Translation]

Mr. Rhéal Fortin: So you are talking about three entities. That was the clarification I wanted. Thank you, Mr. Singh. I didn't want to interrupt you, but I wanted that clarification.

I will now turn to you, Ms. Krause.

Ms. Vivian Krause: You can ask me your questions.

Mr. Rhéal Fortin: Ms. Krause, a number of things have emerged from your testimony, including the exchange of confidential information, an issue that concerns me. I understand that you cannot give us all the sources, but are there documentary or other sources that you can share with us to support your testimony on the amount of information that WE has and that could be communicated?

Ms. Vivian Krause: Absolutely. Today, I will send to the committee all the documents, the calculations, the numbers, the tables, and everything. I am also going to post them on my blog.

Mr. Rhéal Fortin: Okay.

Can you name some of the articles, documents, financial statements or other sources that you have right away?

Ms. Vivian Krause: Yes. The documents I used are Canadian and U.S. tax refunds. The information on the amounts for Allstate, Microsoft, Unilever, and KPMG is in the U.S. tax refunds.

Mr. Rhéal Fortin: Do you have any documentation on the personal information held by WE that could be sold or communicated in one way or another to third parties, such as Microsoft? For example, WE is going to help young students. Could information such as addresses, phone numbers and emails be sold or shared with WE sponsors?

• (1335)

Ms. Vivian Krause: If you read my letter, you will see the questions I am asking.

There are restrictions in their privacy policy that companies respect, but they also say they will release information under certain conditions. They make the data anonymous and consolidate it.

I sent my letter a week ago asking them what they do with all the information and why they have such a detailed policy. Of course, it was written by a lawyer. So what is its purpose?

Mr. Rhéal Fortin: Okay, thank you.

How long have you been following the activities of WE?

Ms. Vivian Krause: For at least six years. That was well before the 2015 election.

Mr. Rhéal Fortin: You are a researcher and an author. In the course of your regular activities, have you had to do any specific research on the WE network and all the organizations associated with it?

Ms. Vivian Krause: If I understood you correctly, you want to know if I have done any research—

Mr. Rhéal Fortin: Let me clarify my question. There are four, five or even more entities linked to WE. I don't know exactly which ones, but I think the WE Charity Foundation and ME to WE are among them.

Have you looked further into the connection between the different entities that are linked to WE?

Ms. Vivian Krause: Yes, a little. I have compared the names of the directors in the United States and Canada to see whether any of the names appear together.

Mr. Rhéal Fortin: Do you have a report on that? If so, is it possible to see it?

Ms. Vivian Krause: Yes. I am going to forward all this information to the committee.

Mr. Rhéal Fortin: That's wonderful. Thank you, Ms. Krause.

[English]

The Chair: Thank you, Mr. Fortin. We are slightly over.

Mr. Angus, we'll give you about four and a half minutes as well.

That will be followed by Mr. Cumming.

Go ahead, Charlie.

Mr. Charlie Angus: Thank you so much, Mr. Chair.

We learned today that the Government of Canada signed a \$900-million deal with a real estate holding company with no track record—just established—no history and no involvement in the charitable sector.

Why this agreement was signed—and due diligence must have been done by the finance minister's office to put this money through a real estate holding company—I find very troubling to consider.

Mr. Brown, I'd like to go back to you about the concerns that were raised by Charity Intelligence. I saw that WE had written a very aggressive rebuttal to Charity Intelligence, but they did not talk about Charity Intelligence's comments on the real estate deals, the fact that there were short-term on-demand loans with the banks that were causing a number of red flags.

I'm not any kind of forensic auditor, but a lawyer suggested to me that if you sign a deal through the real estate holding company, it would certainly stabilize the Kielburgers' real estate holdings with the bank, because they could say, "Look at the agreement we have."

Would you suggest that this massive influx of money from the federal government would help the Kielburger operation maintain their real estate assets at this time of financial crisis?

Mr. Jesse Brown: Mr. Angus, again we're well outside of what our reporting has covered. I know that the WE organization themselves have said that they established this new entity in order to limit their liability, and I can't imagine that they would do anything if it were not in their interests.

If I can suggest something to committee, it is that these are very complicated dealings, and given the amount of public money involved, given the amount of charitable money raised by Canadians involved, Canadaland was happy to dedicate resources to breaking this story, as were other journalists and organizations such as Kate Behan's.

When we look into these things and try to make sense of them, which we're doing with everything we have, we are assuming the liability, with an organization that aggressively protects its reputation, makes legal threats and has a history of saying things to the media that are simply not true. I wonder at what point there are other authorities that might ask these questions, that might have powers to procure information which as an independent journalist I do not have.

• (1340)

Mr. Charlie Angus: Thank you for that.

Mr. Singh, you say that you have a number of students ready to go, and you've been waiting six weeks for a response.

What I find concerning, besides the financial deals with the WE organization, is that we had two months, from April to the end of June, when this program was announced, to get this set up. We've been told by the government again and again that they were the only people who could do it, that they had all the skills and were set to go. Yet, when the deal between the government and WE was announced, they couldn't seem to take even the smallest amount of scrutiny before everybody panicked and bolted, and there was no program in place. In those two months, it should have been easy for the government to step in, because we have tens of thousands of students across the country waiting for work and we have organizations ready to work.

Why do you think an organization such as yours is still sitting waiting for students when we're now coming to almost the three-quarter mark of July and halfway through the summer?

Mr. Rahul O. Singh: Thanks for the question. I'm going to try to bite my tongue here. I think there's some—

Mr. Charlie Angus: Oh no, feel free to speak, my friend.

Mr. Rahul O. Singh: I think there's some inefficiency in process. I was talking about programming too much big money through big partners and offloading liability from government by saying, "Listen, simply re-program the money in April," because people like you can come back and ask, "How come that money is still not out? How come it's not out to charities?" This is the case in that \$350-million grant. One of them is woefully under-subscribed.

One of the partners has come back to us and even said they had received approval on the Red Cross grant; however, they hadn't received the money as of last week, but they're telling them to reapply. If a fund is woefully under-subscribed, it tells you that there's a problem in program design. I think the program design of that was inefficient and improper and hopefully will be changed for the next rollout.

The program design of this bursary program is poorly designed. You have the issue of this \$10 an hour bursary thing that concerned us, and we raised our concerns on it. When we wrote to the government, we suggested they try pilots with us. We could put in a few hundred kids across the GTA and get them doing the things that they want, which is packing these food aid kits and getting them out to communities that need them and really provide good value for money.

Respectfully, Charlie, I can make a bag of Saskatchewan-grown green peas for 48¢. You can't buy that in Walmart for less than two dollars, which means every dollar that comes in through us is literally four times the amount in aid going out, and that's really good value for money. If we started small and we put these students in, which is the offering we gave them initially, and certainly the offering that we had with WE, we would at least have these students benefiting and helping us to help other folks. It frustrates me to no end, because I have some young people we've recruited who ask us every day if they're going to get the bursary, and I don't know. I hope the government will honour its commitment.

Sorry, Charlie, I'll just finish up quickly.

I'm still hopeful that you as a committee will help us get this thing kick-started, because I don't want the kids to be the losers. I'm very hopeful that, as a government, we're going to work together to do better and more efficient programming so that we don't waste taxpayer dollars and we get more aid to people who need it.

Mr. Charlie Angus: Thank you for that. That's—

The Chair: I'm sorry, Charlie, we're out of time.

We'll have to go tight on five minutes for the next three, Mr. Cumming, Mr. Bittle and Ms. May.

Mr. Cumming.

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

Mr. Brown, in your research that you're doing for your reporting, were you able to find out...? The Kielburgers are obviously very involved with the raft of companies they have. In fact, they've submitted at least two proposals to the government on programs that they thought the government should be involved with. I find it curious that the Kielburgers are listed as founders and not as directors of the charity. Have you done any research on that, or is there any reporting on that?

Mr. Jesse Brown: I'm aware that expert analysts have cited that the classification of the Kielburgers within the charity in effect relieves them of certain responsibilities and accountability. They are founders but not directors, and there are certain benefits to that.

• (1345)

Mr. James Cumming: On the financials for 2019, they changed their year-end to August 2018, and then, 2019, the financials are available, but I had trouble finding them. They're not listed on their website, so they haven't released those results on their website.

Do you have any idea why they aren't more public? Normally, within six months of your year-end, you're supposed to list, which I think they did with CRA, but there's no public disclosure, particularly on their site.

Mr. Jesse Brown: I can't explain their motives, but I will say that, on getting information from the WE organization and specifically getting the information that you are asking for, we at Canadaland did receive copious information throughout our investigations from the WE organization, much of it completely irrelevant to the questions we were asking and much of it redundant, sometimes not even grazing on the questions that we were asking.

I know that Charity Intelligence had trouble getting certain disclosures from the WE organization, and I know that they felt that the changing of how they were reporting the fiscal year made the job of auditing difficult.

Another thing that we reported is that the firm that the WE Charity hires and has hired for years to audit their financials does not audit any other charity, which is something that Charity Intelligence found very strange and surprising, especially for a charity of this size.

Mr. James Cumming: Thank you for that.

On this contribution agreement, which we found out was signed with a real estate holding company that was just put together, my understanding is that all three directors are non-arm's-length and they're all employees of WE Charity. It strikes me as a bit unusual that there wouldn't be governance in place other than insiders.

Mr. Jesse Brown: I can speak to that because Canadaland reported questions about the chief financial officer both of ME to WE and of WE Charity. Victor Li is also the CFO involved at the high level of other affiliated organizations. That's strange. A CFO of a charity answers to different masters than the CFO of a private company.

In addition to that, when Victor Li was asked on the WE website about what qualifies him for the role that he has there, he said he's a certified accountant in four different countries. Canadaland could find no record of his credentials in the United Kingdom, in the United States or in China. We asked the WE organization if it could provide those credentials for Victor Li and it did not.

Mr. James Cumming: Did you find anything in your reporting or in your investigation that would indicate that WE Charity or any of these WE groups would have the capacity to execute a program of this size?

If you take the upper level of \$40 million, give or take, that is over two-thirds of what their annual expenditures would be. I can't for the life of me find anywhere that would indicate that this charity would have the capacity to deliver a \$900-million program, other than that they have a large Facebook following.

Mr. Jesse Brown: Mr. Cumming, I'm not an expert on charities' capacities. The facts are what they are. This is an organization that had just laid off hundreds of its workers. This was an organization that had the entirety—save one individual—of its Canadian and American boards either resign or replaced. This is an organization that was in breach of its bank covenants. This is an organization that was divesting from some of its international development projects. It was an organization that, at the best of times, was used to running in the range of \$60 million in programming. This would be more than 10 times that.

Those were the facts.

Mr. James Cumming: Wayne, I take it you're cutting me off.

The Chair: I was cutting you off, James.

Thank you both.

We will turn to Mr. Bittle and then Ms. May, to wrap it up.

Mr. Chris Bittle (St. Catharines, Lib.): My first question is for Mr. Brown.

I wasn't expecting to be here until the last minute, but I found it unusual when I saw that a reporter was agreeing to testify at a committee. I've only seen it once in my five years. It was Paul Wells, who had first-hand experience leading a debate, and we were looking into a debates commission.

What expertise are you providing? Journalists tell stories based on other people's information and sources, and I respect that they can't be released. What expertise are you actually bringing to the table on what you've reported based on other people's stories?

• (1350)

Mr. Jesse Brown: Mr. Bittle, I'm here at the invitation of the committee of which you are a part today. I have agreed to come here and share the reporting that I and my colleagues have done, which others did not, over the past five years. I am constraining myself to facts we have verified and reported because the people who fund our journalism, Canadians who want these things to be reported and known, also want these facts to be known by other Canadians.

We're not a news organization where people buy exclusive access to information. We're a news organization where the people who fund us want our legislators to know what we have verified so they can make informed decisions. They want their fellow Canadians to know.

As I said at the beginning, I'm here in that spirit.

Mr. Chris Bittle: While it's clear that people do want to know, and you've brought forward information that has led to this committee, what you're telling me is that you're bringing no additional expertise and that this is hearsay based on your reporting—

Mr. Jesse Brown: Excuse me—

Mr. Chris Bittle: No, it's my time. We don't interrupt each other here, Mr. Brown.

The Chair: I'll give you time, Mr. Brown.

Go ahead, Chris.

Mr. Chris Bittle: Based on sources, you're providing information. It's not to say it's inaccurate. Hearsay isn't necessarily inaccurate. I'm using it as a legal term. You're providing us no first-hand expertise based on what you're reporting. That's based on other people's information that has been provided to you.

The Chair: Mr. Brown.

Mr. Jesse Brown: As I have stated, I am here presenting journalism that is the result of five years of investigation. It is absolutely based on the accounts of over two dozen people who have worked for the WE organization. It's based on copious documentation. It's based on the statements of the WE organization itself, which itself alleges there was fraud and embezzlement in their Kenya operation.

When I've been asked by other legislators here to provide opinions or expert commentary, I have made it explicitly clear that I'm a journalist. I'm a member of the independent press. I am not here as an expert on charities. I'm here representing facts that we have reported.

Mr. Chris Bittle: Thank you so much.

The Chair: We'll come back to you, Chris.

Ms. Krause, you're not muted, and your sound is coming through sometimes.

Mr. Chris Bittle: That's okay. I'm going to ask Ms. Krause a question.

The Chair: Okay. Go ahead.

Mr. Chris Bittle: You stated on your website that you're not a member of a political party, but I've noticed some tweets in favour of Peter MacKay and his campaign. Most recently, on July 17, you asked your followers, "I'm curious...what are your reasons for not supporting Peter MacKay?" As a former Conservative staffer and as someone who was dropped from a recent conference because you were too political, aren't you really closely tied to the Conservative Party with your research, your speaking and your advocacy?

Ms. Vivian Krause: Mr. Chair, do you find that a relevant question?

Mr. Chris Bittle: Well, your attack—

The Chair: Given the comments earlier, I think it is.

Ms. Vivian Krause: How can I answer that? I have no political affiliation. I hardly think that tweet was a favour to Peter MacKay, seeing as it just generated a whole ton of negative tweets about him. It was quite an objective question. The reason I asked it was as a follow-up on a poll I did.

I've tweeted out political leaders of all parties. I've contacted politicians of all parties. I'm available to talk to anyone from any political party.

I think the issue we have in front of us should not be of concern only to one political party. It should be of concern to all Canadians.

The Chair: Okay.

Ask your last question, Mr. Bittle.

Mr. Chris Bittle: Why were you dropped as a keynote speaker at a business communications conference in Alberta back in October 2019?

Ms. Vivian Krause: On my blog there's a long explanation. You're welcome to read it.

Mr. Chris Bittle: Well, I asked you the question.

Ms. Vivian Krause: I think what they did was absolutely terrible. I think it was—

Mr. Chris Bittle: They dropped you because you were too political. Isn't that the case?

The Chair: Mr. Bittle, we'll allow Ms. Krause to answer the question and then we'll go to Ms. May.

Ms. Krause, the floor is yours.

Ms. Vivian Krause: Just to sum it up, there's been a long, intensive effort to discredit me. I think that disinviting me to that particular conference was part of that effort. If you want the details, go to my blog. It's all written up.

• (1355)

The Chair: All right. Thank you, Ms. Krause.

Just for your information, Ms. Krause, I do remember your testimony about charities before the committee during pre-budget consultations, and I thought it was valuable information at that time.

We'll now go to Ms. May to wrap it up.

Ms. Elizabeth May (Saanich—Gulf Islands, GP): How many minutes do I have, Mr. Chair?

The Chair: You have four minutes. That's all I can give you. Sorry.

Ms. Elizabeth May: No, that's fine. Thank you very much.

I will pick up on the controversy we were just having between Ms. Krause and Mr. Bittle—you should mute yourself, Ms. Krause, because I'm going to ask someone else a question—and I'll say, just to correct the record, that Ms. Krause has never contacted the Green Party of Canada. I don't believe in attacking witnesses, so I'll say nothing more about Ms. Krause.

I do want to say, Mr. Brown, that your research.... I made a mistake once of doubting your journalism. I regretted it. You're an excellent researcher. I think we should find things that you put forward in Canadaland as likely to be verified and based on sound research.

I think we can try to get at some facts about the contract, and for that I want to turn to Mr. Singh and GlobalMedic.

I really appreciate your evidence. Mr. Singh, you talked about the offering you made to WE. This may be in the statement that was distributed in writing, which I don't have, so forgive me if I'm asking you something that you've already shared with the committee. When did you first start discussing with the WE organization the possibility of GlobalMedic's being involved in this project? Had you ever partnered with the WE organization in the past?

Mr. Rahul O. Singh: Number one, we started asking government to let us be part of this program back in April and we heard nothing. I explained to you the steps we took with that. On June 15, we received an email from the WE organization asking us if we'd be interested. On June 17, we had a conference call with members from the WE organization. They were quite competent. They explained to us the process. They told us what they could offer to us, which was \$100,000 for x number of positions; in this case, it would be 400.

I will say that, with one party making \$43.5 million and one making \$100,000, we should really evaluate the fairness of deals like that. I'm not going to speak on the record of the committee what I can say about that, but that's the extent of it.

We have an MOU that we signed, which was clearly backed by the Canadian government, based on a lot of the language. We opened these positions up and said, "Okay, let's hold back, of the 400 positions.... We want to keep 50 for people that we've already recruited internally and open it up to 350 of the students who they have recruited or are coming in." Unfortunately, this now fell apart. We're still hoping to get more students through. I'm still hoping those students still get their bursaries.

Ms. Elizabeth May: You have a written contract, but it's with the WE organization, not with the federal government. The young people who have been accepted in your program as volunteers are in limbo, as I understand it.

Have you gone back to any of the Government of Canada agencies that were behind this, particularly Service Canada or ESDC, and said, "Look, we have this contract with WE organization. They've withdrawn from the project. Where do our students stand now? Where do these positions stand now?"

Mr. Rahul O. Singh: We have. We've gone back to Minister Chagger's office. To their credit, they were very quick in responding. A director of policy or a director of stakeholders responded and said that the government, ESDC, was going to take over and would be in touch. Now it's been a few weeks and no one has contacted us.

I'm hoping that the committee will get someone to get in touch with us, because every day we have a missed opportunity for a lot of students we could be helping, a lot of students who create ancillary benefits from the programs we're running.

Ms. Elizabeth May: That's my time. I thank you very much.

Thank you, Mr. Chair.

The Chair: Thank you very much, Ms. May.

Thank you to all the witnesses for coming.

Sometimes we have a little tense questions and answers at this committee, but that's fine. It's all part of the political process. There is nothing personal intended.

With that, I want to thank all the witnesses for taking the time. For those who sent us documents, they will be sent to committee members. Thank you once again.

We will suspend for about two minutes and come back for a panel with the Minister of Finance and officials.

The meeting is suspended.

• (1355) _____ (Pause) _____

• (1405) _____

The Chair: We will officially reconvene the meeting.

Welcome to meeting number 43. This will be the second panel of the House Standing Committee on Finance.

We are meeting today on government spending, the WE Charity and the Canada student service grant. Today's meeting is taking place by video conference, and the proceedings will be made available via the House of Commons website.

During this session, we have the Minister of Finance and officials from the Department of Finance. I believe officials from the Department of Finance will be here following the minister's first hour. Normally, we hold ministers to usually five minutes and sometimes allow them 10. The minister has asked for a little more time, 10 or 12 minutes, for his opening statement, but is willing to stay for the normal amount of questions which would be 55 minutes.

Minister, we will begin with your opening statement and then we'll go to our series of questions.

Welcome. It's good to have you here.

Hon. Bill Morneau (Minister of Finance): Thank you, Mr. Chair, and thank you for allowing me that extra amount of time. I do want to make sure that my remarks today give a complete understanding of the issue we're discussing.

I know there's been a lot of discussion about the Canada student service grant, the now cancelled contribution agreement with the WE organization to administer this program and my personal involvement with the organization. I'm here today to speak to these matters and provide answers to questions that you may have.

I first came to know the WE organization when I became the member of Parliament for Toronto Centre where WE has its headquarters. I attended numerous student events at its offices and came to understand and appreciate its work on behalf of Canadians, both in Canada and abroad.

My daughter, Clare, spoke at WE events, among other venues, about her book documenting the lives of refugee girls. She was never compensated for any of her speeches. All of the proceeds from the book she wrote went to provide university education for refugee girls.

Grace, who joined our family from Uganda in 2010 and who we've raised as our daughter, worked as an unpaid co-op student at the WE organization in February and March 2019 while pursuing a community development degree at university. After graduation, in July 2019, she was hired for a one-month position with WE, and then, after that, was offered a one-year contract as an administrative assistant in its travel department. That contract concludes at the end of August this year.

In the summer of 2017, my wife and daughter Clare travelled to Kenya to learn about WE school projects. Later that same year, I travelled with my family to Ecuador to see and participate in WE's humanitarian work there.

In recent days, our family has conducted a review of our personal records. We found documentation to confirm our payment of expenses for these two trips, including flight and personal hotel costs of approximately \$52,000. However, we were unable to locate receipts for any expenses related to WE programming, including accommodation. This was to my surprise. Yesterday, I asked my assistant to reach out to the WE organization regarding these trips, and for WE to provide me with the amount of total expenses incurred. Today, I wrote a cheque in payment of \$41,366.

I expected and always had intended to pay the full cost of these trips, and it was my responsibility to make sure that was done. Not doing so, even unknowingly, is not appropriate. I want to apologize for this error on my part.

My practice has always been to personally pay for expenses incurred in my role as finance minister whenever I've believed there to be any perception of potential personal benefit. The error this time, even though I was not travelling in my role as minister, should not have happened.

I can also confirm that my family made two significant donations to the WE organization, each for \$50,000. My wife made one in April 2018 to support students in Canada, and another one in June of this year to support COVID-19 relief in Kenya and Canada.

The work that WE and organizations like it do is important to me. For over a decade my family has been passionate about education efforts in Africa and Canada. After our family sponsored Grace to come to Canada for her education, and before I ran for office, our family led the development of a girls' school at the Kakuma refugee camp in Kenya. Over the last three years, our family has personally committed over a million dollars to help refugee students from Kenya continue their education in Canada.

As I've stated previously, I participated in deliberations on the Canada student service grant program. I do not believe I had a conflict, although I fully recognize that there are legitimate questions about the perception of a conflict. In hindsight, I should have recused myself from discussions involving the WE organization, and I will do so in the future. Most of all, I regret that not recusing myself has delayed this important support for young Canadians.

• (1410)

Again, I want to apologize for any mistakes I've made in this situation. I'm sorry that they've occurred.

[Translation]

As I said earlier, I participated in the deliberations on the Canada student service grant. I do not believe that I was in a conflict of interest, although I fully recognize that there are legitimate questions about the perception—

[English]

The Chair: Mr. Minister, I don't want to interrupt, but can you switch the interpretation icon that looks like a globe to French when you're speaking French? Both languages are coming through at the same level. We love to hear your voice, but we want to hear what is said in the other language.

[Translation]

Hon. Bill Morneau: I apologize. As I said earlier, I participated in the deliberations on the Canada student service grant. I do not believe I was in a conflict of interest, although I fully recognize that there are legitimate questions about the perception of a conflict of interest.

I think, in hindsight, I should have withdrawn from the discussions on the WE organization, and I will do so in the future. Most of all, I regret that I did not recuse myself and that this has delayed this important support for young Canadians.

Once again, I want to apologize for the mistakes I made in this situation. I am sorry that they have occurred.

I apologize.

[English]

Earlier today, I formally asked the Ethics Commissioner to review this information as part of his examination. To provide this committee with an understanding of my role in the development and administration of the Canada student service grant, I'd like to provide you with a timeline of events.

Since early March our government has been working to roll out Canada's largest peacetime investment, doing so at a speed and a scale to meet the rapidly evolving nature of this crisis. We've worked to deliver a comprehensive set of over 70 different measures, which are delivering targeted support to meet the needs of millions of Canadians.

• (1415)

[Translation]

The Canada student service grant was part of a wider support program for youth. It included 10 different support programs totalling \$9 billion. This included the Canada student emergency benefit, the extension of the Canada summer jobs program and our initiative to double the Canada student grants.

These are just a few of the hundreds of funding decisions that I have made since the beginning of the COVID-19 crisis to fulfill my responsibility to provide timely support to workers, families, seniors, small businesses, indigenous communities, people with disabilities, and the list goes on.

[English]

I would like to take the committee through, in detail, how this particular decision was approached by me, my office and officials, to the best of my knowledge.

In early April, shortly after we'd finished rolling out a broad range of supports, including the Canada emergency response benefit, the CERB, our government began to think about the next set of challenges that lay ahead for Canadians. Our government recognized that post-secondary students, who were about to complete their school year, would be needing opportunities over the course of the summer, not only opportunities that would help them pay for tuition and living expenses during the school year, but also opportunities for invaluable skill-building experiences.

This pandemic hit just while they were beginning their lives. My colleagues and I knew that we had to do something to make sure their dreams weren't derailed and they could continue to pursue their education. Most of all, as Canada is in the midst of a national crisis, our government recognized that students could play an important role in supporting Canada's extraordinary response to this pandemic.

On the evening of April 5, I had a call with the Prime Minister to discuss these and other issues. We identified the need to consider measures to support students and discussed how the Canada service corps and the Canada summer jobs program were areas of possible policy work to address this need.

I spent that night thinking in detail about this issue. The next morning I tasked my officials and my ministerial team to begin engaging across government and to brainstorm different options to support students. My office and Department of Finance officials began working with other government departments to develop these ideas and reach out to youth organizations to get a better sense of the challenges that the young people they serve were facing.

On April 7, the WE organization was one of at least a dozen organizations that were contacted as part of this engagement effort. In the days following my office's initial conversation with WE, the organization shared a proposal on social entrepreneurship, which they had been discussing with other offices. The WE organization had sent this proposal to me, but I didn't review or respond to the proposal at that time.

On April 8 and 9, I had my initial briefing on the potential streams of support for young people, including a potential grant program for students looking to gain experience over the summer.

[Translation]

As we continue to develop these new supports, Youth Service Canada has been identified as a possible model for encouraging national service. This work has been taking place in parallel with implementing the other youth support components. In reviewing this concept, officials identified several major obstacles to quickly implementing an expanded Youth Service Canada program in time for the summer, which was then only a few weeks away.

The government did not have the capacity to urgently develop a system to track hours of service, make large-scale allocations, and disburse specific amounts based on hours completed.

• (1420)

[English]

As part of a briefing on April 18, officials raised that a partnership with the private sector or not-for-profit sector may be necessary in order to successfully administer such a program. Officials raised WE Charity, among other organizations, as an example of groups that were already doing similar work. This was the first time that I'd been involved in any discussion related to WE Charity and what would become the Canada student service grant.

As a part of my briefing materials, my officials appended a copy of WE's social entrepreneurship proposal, indicating that other departments had begun engaging on the file. I understand that in the following days WE reached out to my office regarding their initial

discussions with Employment and Social Development Canada and shared a second proposal. My office continued discussions with WE Charity about how different types of student programming could be administered.

On April 21, I verbally approved my department's recommendations on the broad parameters of the Canada student service grant, including the potential involvement of a third party. To be clear, no third party such as WE was chosen or directed within this approval. From that point onwards, Employment and Social Development Canada took the lead, including the public service announcement that WE Charity be brought on as an administrator.

With that said, as Minister of Finance, I'm responsible for all funding provided under the Public Health Events of National Concern Payments Act. As such, it's important that Finance officials track every dollar authorized to ensure that they're allocated appropriately. I would expect that the department and my office would remain engaged in the design of the program, in collaboration with Employment and Social Development Canada, the Privy Council and the Prime Minister's Office.

For complete transparency, I note that on Sunday, April 26, I spoke with Craig Kielburger. I know that we would have broadly discussed the impact of the COVID-19 pandemic. He did not raise the Canada student service grant, nor did I.

On May 5, Minister Chagger presented her initial proposal for a Canada student service grant, including WE Charity as the preferred administrator, at the COVID-19 cabinet committee. I was not in attendance and did not discuss the proposal with officials or cabinet colleagues prior to it being presented. I was briefed on the outcome of that meeting two days later, on May 7, noting that the proposal would then be moving to be discussed at full cabinet. The final decision on the Canada student service grant was presented to full cabinet on May 22.

As I've said, I should not have participated in that discussion, and I regret that I did not recuse myself at that time. I provided approval on the final revised funding decision for the program on June 3. It was my last direct engagement with the program's development.

I regret that my not recusing myself has been a reason that students have not been able to get the support on a timely basis.

I know that Canadians are counting on us, and there's still much more to do.

Thank you, Mr. Chair.

I welcome the questions from you and the committee.

The Chair: Thank you very much, Mr. Minister, for a very thorough explanation of your involvement

We'll now go to questions for about 53 or 55 minutes, and the first round of six minutes.

The line-up is Mr. Poilievre first, then Ms. Koutrakis, then Mr. Fortin and then Mr. Angus.

Mr. Poilievre, you're on deck, sir.

Hon. Pierre Poilievre: Do you expect us to believe that it is a mere coincidence that you repaid over \$40,000 of expenses associated with your travel on a WE Charity trip, that you just repaid it today on the same day you were expected to testify under oath about it? Is that just a coincidence, Minister?

The Chair: Mr. Minister.

Hon. Bill Morneau: Thank you for the question.

I think what I want to make sure that I communicate is this was a mistake on my behalf. I am responsible for any expenses that I incur on trips being paid for. This was an expense that I was unaware of, that I did not know had not been paid, and when I found that out—

• (1425)

Hon. Pierre Poilievre: It was a \$41,000 expense. You didn't know about a \$41,000 expense? How is that even possible?

The Chair: Mr. Minister.

Hon. Bill Morneau: Again, Mr. Chair, I just have to say that in the review of our records, I understood that there was no charge for these expenses at the WE facilities. Once I found that out, I endeavoured to repay them. Of course, it was a mistake on my part which I take full responsibility for.

The Chair: Mr. Poilievre.

Hon. Pierre Poilievre: The average Canadian living in Red Deer or Halifax who goes on a trip would notice if there was, say, a \$400 expense that they didn't pay, maybe a hotel room for a couple of nights that never got charged, and they paid immediately.

You're telling me that on this obviously very luxurious trip, \$41,000 of expenses happened right under your nose and you didn't know about it until it suddenly, through an epiphany, came to your attention the very day you were to testify about it in a parliamentary committee. You expect us to believe that?

Hon. Bill Morneau: Mr. Chair, is this for me?

Hon. Pierre Poilievre: There is no one else to answer for you, Mr. Morneau. You're the one on this panel.

The Chair: Sorry, I was muted. Mr. Minister, yes, you have the floor.

Hon. Bill Morneau: As I said, this was a mistake on my behalf. We immediately looked at our records. We reviewed those records to find the flights and hotel expenses that were paid and did not find any expenses that were charged to us for the time at the WE facilities.

When we went through our records in detail and concluded that, we—my wife and I—realized we needed to have someone reach out to the WE organization, and did that, in order to pay those expenses.

It is my mistake. It is a mistake that I regret. I apologize for that, and as I said, I will definitely work with the Ethics Commissioner, including this issue, to make sure it's fully understood and accounted for.

The Chair: I'll go back to you, Mr. Poilievre.

Hon. Pierre Poilievre: Do you realize that originally accepting these free benefits associated with your trip was strictly illegal under the Conflict of Interest Act, yes or no?

The Chair: Mr. Minister.

Hon. Bill Morneau: Mr. Chair, we of course recognize that we are responsible for our own expenses. That is my responsibility. It was something I was unaware of, so that being unaware—

Hon. Pierre Poilievre: Do you realize now that it was illegal?

The Chair: Mr. Minister.

Hon. Bill Morneau: —that those expenses which I was unaware of were appropriately my expenses and that's why we've repaid them.

Hon. Pierre Poilievre: You realize though that it was illegal. You are, as a minister, strictly forbidden from accepting any form of sponsored travel under the Conflict of Interest Act.

I'm asking you, do you realize that the act makes it illegal for you to have accepted these expenses paid for by WE in the first place? Do you realize that that was illegal, yes or no?

The Chair: Mr. Minister, you have the floor.

Hon. Bill Morneau: Mr. Chair, as I've said, I looked back in a detailed fashion over my records. I found that we received no expenses notice for these expenses. As soon as we found that out, we endeavoured to make sure those payments were made. It's a mistake. I will—

Hon. Pierre Poilievre: All right. Thank you very much.

Hon. Bill Morneau: —and actually should work with the Ethics Commissioner.

Hon. Pierre Poilievre: Did you, in the month of August 2019, announce a grant for WE Charity for \$3 million in the same month that your daughter accepted a job from that organization, yes or no?

The Chair: Mr. Minister.

Hon. Bill Morneau: Mr. Chair, I think it's important to know that this program, which I did announce, was developed and delivered by Employment and Social Development Canada—

Hon. Pierre Poilievre: It's a simple question.

Hon. Bill Morneau: As the person who is responsible for that organization in the riding, I did announce that program.

• (1430)

Hon. Pierre Poilievre: Then you announced a \$3-million grant to an organization that had just hired your daughter the very same month. Is that a true statement or false statement?

The Chair: Go ahead, Mr. Minister.

Hon. Bill Morneau: I want to be very clear that this is a program that was developed—

Hon. Pierre Poilievre: Is it true or false?

The Chair: The minister has the floor.

Hon. Bill Morneau: —and delivered by Employment and Social Development Canada.

I announced it on behalf of our government, but was not involved in the development of that program.

Hon. Pierre Poilievre: Your daughter accepted a position with that organization.

The Chair: This is the last question, Pierre.

Hon. Pierre Poilievre: In the same month as your daughter accepted a position with the organization, you announced a \$3-million grant to that organization. You can just tell me if I'm wrong. Am I wrong?

Hon. Bill Morneau: Mr. Chair, I'm obviously very proud of the fact that Grace took on a co-op job at the WE organization.

Hon. Pierre Poilievre: That's not the question.

Hon. Bill Morneau: I'm proud of the fact that she, of her own accord, went out and got a first job in an administrative capacity. Obviously, my role as a minister is separate and distinct from that. I did deliver an announcement, but I was not involved in the development or the understanding of that program.

The Chair: Thank you both.

We'll go to Ms. Kourakis, followed by Mr. Fortin.

Ms. Kourakis.

Ms. Annie Kourakis: Thank you, Minister Morneau, for appearing before the finance committee once again.

I truly appreciate the candour in your testimony and all the work that you and your family and our civil servants and the Department of Finance do for all Canadians, especially during this difficult time.

I have a few questions, so in the interest of time, I will ask them all and leave it with you, Minister, to formulate your response.

How many new programs have you and your department rolled out in the past 100 days or so?

What is the approximate value of these programs?

Roughly how many Canadians and Canadian businesses and non-profit organizations have these programs helped?

Does this compare to anything remotely similar to what we've done since the full mobilization of Canada's economy and society during the Second World War 80 years ago?

Would it also be fair to say that if we had not introduced these programs, there would be a lot of personal suffering and hardship?

Would it also be fair to say that our economy would be in a serious recession or depression if the government hadn't acted as quickly and decisively as it did?

Finally, as a financial person myself, I would say that our success rate has been remarkably high and that the risk-reward profile is extremely positive. The only way to achieve anything is to take risks. To avoid all risks of failure and making mistakes during as well would mean doing nothing and accepting all the personal hardships imposed on innocent Canadians that would result.

Do you agree with my comments?

The Chair: Mr. Minister, I hope you had a pen in your hand, because I could hardly keep up and I had one.

Go ahead, Mr. Minister.

Hon. Bill Morneau: Thank you. I did have a pen.

I think I need to start by acknowledging that I did make a mistake with respect to the lack of decision to recuse myself from the decision around the WE organization.

I think I also need to acknowledge that not every single thing that our government has done over the course of the last few months was perfect. We have been, as was just mentioned, working during a time of crisis, in a pandemic, a time like none of us had ever faced before.

The answer to the last question is quite clear. We knew we needed to move at speed and with scale to support Canadians. We knew that we needed to do our very best analysis on what the right policy would be and how to best get that support out to Canadians. We also knew that, as we moved forward, we would almost certainly have to fix things and improve things as we went along.

That was the approach we took. I think that the response we've had as a country—which, in answer to the direct question, involved more than 70 programs and over \$200 billion of direct support to Canadians—has put us in a much better situation than we would have been in had we not taken that approach. It has delivered for individuals and for families, and it has protected our economy for today and for the future. The risks of not doing so would have been dramatically greater—for individuals and for families struggling to get by, but also for our long-term future and our opportunities.

I do recognize that there is more that we need to do, but this is an unprecedented time. We are going to continue to consider the needs of Canadians first, deliver the kind of support required and improve things as we go along. Yes, we will make mistakes. We will try not to make mistakes—of course, that's never our intent—but we will rectify those mistakes as we think about the next steps.

This pandemic is not over. We know there's more work to be done, and we need to keep our focus on that and on Canadians.

• (1435)

Ms. Annie Kourakis: Do I have time for one more, Mr. Chair?

The Chair: You have about two minutes left.

Ms. Annie Kourakis: Thank you.

What were your main goals when developing programs and policies to respond to the crises? We have heard from other witnesses about rapid response, simplicity and large-scale support. I know you've mentioned it time and time again, but I think it's worth mentioning once again, never to lose sight of the pandemic, the crisis facing not only Canadians but the globe.

What were your main goals when developing these programs and policies, Minister Morneau?

Hon. Bill Morneau: Again, thank you for that question.

Our main goals at the beginning of the pandemic were very consistent with our goals now. We recognize that this pandemic has had enormous impacts on Canadians across the country, on families' ability to support themselves, and also on future opportunities, so we've been looking at how we can support people through this.

The CERB benefit, our first and most important measure at the outset, was recognizing how many people were going to be off work without enough money to pay for groceries or rent, and we needed to get support to them rapidly.

The wage subsidy was about trying to make sure people could keep their job over the long term, because we know how important that is for them but also for our economy.

Programs like what we put together for students were recognizing that we were going to have hundreds of thousands of students without the ability to get a job this summer. We needed to think about how we could support them, because they are by definition our future. We need to make sure they can get back to their studies.

That's been our focus from day one, and it will continue to be our focus. Getting through this crisis requires us all to work together. It's a health crisis and an economic crisis, so we need to think about those two things in tandem, but supporting people has always been central to what our government has been after and central to what I've been focused on during this time.

The Chair: Thank you. We'll end it there.

Mr. Fortin is next, followed by Mr. Angus.

Mr. Fortin.

• (1440)

[Translation]

Hon. Bill Morneau: Thank you for the question.

It's a very important question. We were in a very difficult situation, faced with a pandemic, and it was very important to help Canadians, including students.

Mr. Rhéal Fortin: We agree.

Hon. Bill Morneau: We needed to provide support urgently, and we had to figure out how we were going to do it. We were told by people in the public service that, based on the policy, the only way to help students was to go through another organization. That is the approach we took.

Mr. Rhéal Fortin: Did you try to make a limited, simplified call for tenders? Did you consider that possibility?

Hon. Bill Morneau: Like the others, I received the information or the recommendation from public servants on how we could deliver the program to students. They told us that it was the only way to do it.

Mr. Rhéal Fortin: Did you consider the possibility of a streamlined call for tenders with short deadlines? Did you consider that?

Hon. Bill Morneau: I'm sure that public service officials asked themselves how the program could be delivered on an urgent basis.

Mr. Rhéal Fortin: Why did you not do so at that point?

Hon. Bill Morneau: They decided to make a recommendation—

Mr. Rhéal Fortin: But you are the minister.

Hon. Bill Morneau: —so that the program could be launched.

Mr. Rhéal Fortin: With all due respect, Mr. Minister, I understand what you are telling me. As you say yourself, the public service made a recommendation. I am telling you that you are the decision-maker. You are the minister. It is not your daughter, your spouse, your secretary or your assistant. You are the minister. You make the decision. You knew there was a possibility of a simpler tender with short deadlines. You are saying that they probably thought about it, but why didn't you? Is there a reason you didn't ask for it?

Hon. Bill Morneau: Departmental officials and I reviewed the policy; that was very important. Afterwards, the departments looked at how the program could be launched. People in the public service are working hard and intelligently.

Mr. Rhéal Fortin: My understanding is that the Minister of Finance did not insist and did not even propose a simpler call for tenders.

Mr. Minister, I will move on to another question because time is running out.

I have been told that the public service did its due diligence on WE. We have learned that it is not solvent, or if it is, it has a lot of debt. All sorts of things are coming out.

At the Department of Finance, did you do your due diligence? Before awarding a management contract worth close to \$1 billion, did you try to find out who WE was?

Hon. Bill Morneau: It was not my responsibility, it was up to the public service to consider the best possible approach to managing the program, and it was the public service that made the recommendation.

Mr. Rhéal Fortin: Did you read the due diligence report before making your decision?

[English]

The Chair: Mr. Fortin, this is your last question.

[Translation]

Hon. Bill Morneau: I'm sorry, I didn't hear you.

Mr. Rhéal Fortin: Did you read the due diligence report before making the decision at the cabinet table?

Hon. Bill Morneau: I received a recommendation from the public service. Having worked with the public service for the last five years, I know that public servants work very intelligently and are highly qualified. They made an important recommendation to urgently implement our student program.

[English]

The Chair: This will be your last question, Mr. Fortin, and then we're out of time.

• (1445)

Mr. Rhéal Fortin: Thank you.

[Translation]

Mr. Minister, I understand that you did not read the due diligence report.

Did I understand correctly?

Hon. Bill Morneau: I received a recommendation from the public service and I did a lot of other things. I considered the importance of supporting students, and that was part of our deliberations.

Mr. Rhéal Fortin: Thank you, Mr. Minister.

[English]

The Chair: Thank you, both.

Mr. Angus is next, for six minutes, followed by Mr. Cooper, for five.

Mr. Charlie Angus: Thank you, Mr. Chair.

Minister, the discussions with WE began with your officials on April 7, leading up to the Prime Minister's announcement. Were there any other proposals brought forward in that time by any other group, other than WE?

Hon. Bill Morneau: Thank you for the question.

I elaborated on the timeline in my prepared remarks—

Mr. Charlie Angus: Yes, I know, but was there another proposal?

Hon. Bill Morneau: I was not involved directly in any of those proposals being received, or any of those direct discussions with other organizations. I do know that the process went through the public service.

Mr. Charlie Angus: Could you give us the names of any other organizations?

The question we're dealing with is whether a group that's very close to you and your family, and very close to the Prime Minister's family, was given the inside track. We know that you talked with Craig Kielburger. You said you didn't discuss this, but the dye had been set. We know your finance officials had reached out to Rachel Wernick to tell her to talk to WE. We know there had been at least two weeks of discussions between the first proposal and the second proposal.

Were there other groups that were invited at that time to bring forward proposals? Will you give us the names of any that may have been involved?

Hon. Bill Morneau: I am aware there were consultations with a number of groups that provide service for youth. I'm not aware of each one of those names. That was never presented to me. I'm certain that we can provide an awareness of the organizations that were consulted with during the course of this period.

Mr. Charlie Angus: Okay, thank you.

Minister Chagger said that the idea came from Rachel Wernick, the civil servant. Rachel Wernick told us that she learned about this when everyone else learned about it, when she was directly contacted by your staff.

My concern here, Mr. Morneau, is that you were being a pack mule for the Kielburgers to get this proposal through. The fact that

you refused to recuse yourself is very damning. It really raises questions here. Why did you refuse to recuse yourself?

Hon. Bill Morneau: To be clear, we were in a position where we were trying to determine ways we could deliver on behalf of students. That was the goal here. The idea was to—

Mr. Charlie Angus: A personal financial connection—

The Chair: The minister has relatively equal time here. Please allow him to answer first.

Go ahead, Minister.

Hon. Bill Morneau: That was our overriding goal. We knew that it was important to figure out a way to engage with students, to help them get back to school. That was my overriding concern. Given the legitimate perception of a conflict around my involvement previously, I've said that, in hindsight, I should have recused myself, and that was a mistake on my part.

The Chair: Mr. Angus.

Mr. Charlie Angus: Have you read the Conflict of Interest Act?

The Chair: Minister.

Hon. Bill Morneau: Mr. Chair, I believe when I first came into office I would have had access to all of those acts.

Mr. Charlie Angus: So, you're not familiar with it. You just remembered that WE paid \$41,000 for you to travel. Are you not aware that under the Conflict of Interest Act, section 11, section 12 and section 15 of the code are explicit? It's also explicit that ministers are not to be getting paid travel.

If you don't really remember the Conflict of Interest Act, do you remember the Aga Khan ruling by the Ethics Commissioner? It seems that he made direct rulings about a situation that you are now in. Isn't there someone in your office who would tell you, "Come on, Minister, these are the rules and this is the law of the land. It applies to you as well"?

• (1450)

The Chair: Go ahead, Minister.

Hon. Bill Morneau: Mr. Chair, it is a mistake on my part not to have paid expenses. As I've said, I did not know that those expenses were not paid. I did not have any awareness of that. Over the course of the last short while, I have reviewed my records in detail and, given that serious oversight, I have made sure that it has been rectified.

I recognize that it was a mistake, and I take responsibility for that.

The Chair: Charlie, before you start again, can you hold your microphone a little closer and not keep rubbing it? The translators are having difficulty.

Mr. Charlie Angus: I'm sorry.

The Chair: I'll give you the time back.

Go ahead.

Mr. Charlie Angus: I guess the issue here is that WE paid for your travel. That has the apparent perception of attempting to buy political influence. The fact that you're talking with Craig Kielburger, you're talking with WE.... I'm not sure they're registered to lobby. They're hiring your daughter. You're not thinking that there's a problem here, but they're paying for influence. I think it's really concerning that you didn't seem to think that was a problem.

I'd like to end on this question. With WE, you signed a contribution agreement with a real estate holding company. How in God's name is it a credible decision by the Government of Canada to funnel nearly a billion dollars to a group that's very close to you and your family, and that's very close to the Prime Minister and his family? There was no public tender here. They come up with a real estate holding company, and you file the money through them. What were you thinking?

The Chair: Minister, this is the final answer this round.

Hon. Bill Morneau: Thank you.

To start with, as I've said, I certainly was in error not paying expenses. I didn't know about those expenses being paid on my behalf. That was an error and I have owned up for that error.

Mr. Charlie Angus: No, you haven't.

Hon. Bill Morneau: I know that the government decision around the administration of this program was taken after the appropriate due diligence by the public service. I don't know which organization in the WE decision was the organization that was given that contract. That's not something that was brought to my attention. Of course we expect that—

Mr. Charlie Angus: Wow. It's a real estate holding company and you didn't double-check that. Where is the due diligence, Minister?

Hon. Bill Morneau: As I've said, Mr. Chair, the public service took a look at how we could best deliver this program and how it could be best administered. That recommendation was the one we looked at in order to deliver on behalf of students.

The Chair: We'll end that round there, but from my perspective there is some confusion during this round. You've been asked why, as a minister, you didn't call for tenders. I know this was a contribution agreement. The implication is that you were the minister responsible, so I have to ask you two questions. Who was the minister responsible, in terms of this agreement with WE? Who was the minister who signed the agreement at the end of the day?

Minister.

Hon. Bill Morneau: Thank you, Mr. Chair.

I was not the minister responsible. As I outlined in my prepared remarks, that was Minister Chagger.

As to your second question on who signed the document, I'm actually not aware of that. My assumption would be Minister Chagger, but I know that Employment and Social Development Canada worked on this program. That was the arm of the public service that made the recommendation after their work.

The Chair: Thank you for that.

The next round of questioning will start off with Mr. Cooper, followed by Mr. Fragiskatos, Mr. Poilievre and Ms. Dzerowicz.

Mr. Cooper, you have five minutes.

Mr. Michael Cooper: Thank you, Mr. Chair.

Thank you, Minister, for being here. I want to ask you to explain in further detail this \$41,000 of hidden expenses. You have characterized these expenses as programming. What do you mean by that?

Hon. Bill Morneau: Thank you.

When we took a look at our personal records, we found expenses that we paid for flights and for personal hotel costs, but we didn't find any expenses from the actual WE sites that we went to, that my wife and daughter went to—

• (1455)

Mr. Michael Cooper: So what were those expenses?

Hon. Bill Morneau: They would have been—

Mr. Michael Cooper: Wining and dining or...? Just explain what those expenses were.

Hon. Bill Morneau: Thank you.

Those expenses would have been for anything incurred at the WE facilities, so—

Mr. Michael Cooper: Give me an example.

Hon. Bill Morneau: I have not seen the line-by-line, but I would assume that they would be for accommodation, for going to the.... When I was there in Ecuador, we were helping to build a school, so it would have been for getting us to the school where we were doing that and perhaps the materials to build that school. Those were, I imagine, the things that were included in those expenses, along with, presumably, meals.

Mr. Michael Cooper: Meals—so wining and dining while you were in Ecuador. Thank you for that. Obviously, it's interesting that you just decided to do a detailed review now, just before you came before our committee, but I'll leave it at that.

I want to now go on to the timeline here. On April 18, you said, you were briefed by your officials. At that time, the WE proposal was brought to your attention. Were any other proposals brought to your attention or were any other organizations mentioned at that meeting?

The Chair: Minister.

Hon. Bill Morneau: Thank you.

I believe that at that meeting I was briefed on the overall nature of the potential Canada student service grant, as well as the possibility of using an outside for-profit or not-for-profit organization to administer the program, based on the urgency of the program. That was the sum total of what we were trying to achieve, I believe, at that briefing.

Mr. Michael Cooper: Were any other proposals provided to you?

Hon. Bill Morneau: No proposals of any sort were provided to me.

Mr. Michael Cooper: You said you reviewed the WE proposal at that time or it was appended.

Hon. Bill Morneau: Sorry. For clarification, there was a proposal appended that was for a different program—

Mr. Michael Cooper: Okay. Thank you. So—

Hon. Bill Morneau: —so it was not for the administration of the Canada student service grant.

Mr. Michael Cooper: Thank you for that. I have a limited amount of time.

From the beginning of March to June 30, how many times have you had contact with anyone associated with the WE organization?

Hon. Bill Morneau: Sorry, what were the dates again?

Mr. Michael Cooper: Between March 1 and June 30.

Hon. Bill Morneau: The only time that I have any recollection of communicating with anyone from the WE organization was, as I reported, on Sunday, April 26.

Mr. Michael Cooper: On April 26, and that was with Craig Kielburger?

Hon. Bill Morneau: Yes.

Mr. Michael Cooper: How often do you speak with Craig Kielburger?

Hon. Bill Morneau: Craig Kielburger is obviously someone in my riding who runs a large organization, so I've had exposure to him on numerous occasions, but I don't have any particular regular communication.

Mr. Michael Cooper: Were you surprised that he would have contacted you just four days after he had submitted a proposal?

Hon. Bill Morneau: He didn't contact me; for clarity, I called him. During that time period, I was contacting business leaders, labour leaders, trying to make sure I understood the nature of the COVID-19 crisis and hearing the impacts on customers or on people who got served. That was an important part of my role. It continues to be an important part of my role, so that we can develop the kind of support necessary—

Mr. Michael Cooper: Who else?

The Chair: This is your final question, Mr. Cooper.

Mr. Michael Cooper: Okay.

Well, since I only have a final question, Minister, will you undertake to provide the committee with all communications that your office had concerning the three proposals that are at issue—namely, the April 9, April 21 and April 22 proposals—as well as any communications you or your office had with anyone in the WE organization?

Hon. Bill Morneau: We will certainly co-operate with the committee. That, I think, is important. I think there's been a request for documentation, which we will certainly comply with.

The Chair: Thank you, both. I believe that request was made to Ms. Wernick as well.

We have Mr. Fragiskatos, followed by Mr. Poilievre.

Go ahead.

• (1500)

Mr. Peter Fragiskatos: Thank you very much, Mr. Chair.

Thanks for being here, Minister.

Just to be clear, Minister Morneau, you did not refuse to recuse yourself; it was an oversight on your part, correct?

Hon. Bill Morneau: I think it was a mistake on my part. On reflection, in hindsight, I should have recused myself. I know that would have been a better course of action for us to deal with what we saw as a very important challenge facing students.

Mr. Peter Fragiskatos: I do have to ask this, Minister. I've worked with you for five years. I know you to be an honourable person and a good man, but I do have to ask: As far as going forward, on the process around recusing oneself, you've pledged to do so in the future, but is it a simple process at the cabinet level to do so?

Hon. Bill Morneau: Well, yes. I have recused myself on numerous occasions around cabinet when I've seen that there was any potential for conflict. That's been a course I've taken over the time in office.

In this case, my daughter, Grace, was working in an administrative role. It was her starting job. I didn't see that as a conflict. In hindsight, I should have seen that people would be concerned about that. I wish I had done differently. I will certainly, in future, recuse myself from anything to do with the WE organization as a result of that association.

Mr. Peter Fragiskatos: Thank you very much. It was a question relating largely to process, and you've answered it.

I have a question, also, relating to WE on this decision. Why was WE chosen specifically, and not, for example, working through the Canada summer jobs program and expanding that? The Canada service corps, for instance, is another possibility. What stood out about WE in your mind?

Hon. Bill Morneau: I think it's important not to talk about WE; it's more about what we were trying to achieve.

Our goal was to find a way to have an approach to national service during a time of national crisis. We saw that there was a combination of the opportunity for students to be engaged in something that would enable students also to be doing really meaningful work in a summer when so many jobs wouldn't be available. Finally, we thought the idea that they could have some incentive was going to be important, both to make that happen but also to recognize that they weren't going to necessarily have money from jobs this summer because of the pandemic. That was the goal.

The decision on how to administer it was very much taken in the course of Employment and Social Development Canada's review of how to deliver it. As I understand it, what they were trying to consider was whether the public service was capable of delivering, in a very short time period, this program that would make a difference for students. They concluded that a better way to do it would be with an outside organization that had those capabilities already so that we could move quickly. That was the goal. That was the recommendation that came back to us, which, of course, was satisfying our overall goal.

It's very important to put this in the context of what we were facing at that time. We were thinking about multiple programs to support different populations. We were thinking about people who were off work and people who were maybe having more expenses, like seniors. We were starting to contemplate people with disabilities and the challenges they were facing. Students were central to us because there are hundreds of thousands of them who wouldn't have jobs or wouldn't have opportunities if we didn't find some sort of way to deal with that.

The Chair: This will be your last question, Peter.

Mr. Peter Fragiskatos: Thank you very much, Mr. Chair.

With the last question.... I've asked this before but, since you're the Minister of Finance, I do want to put it to you: Where do we go from here? Is a program possible? I have young people in my constituency. I have many not-for-profits and charities that were excited by the vision set out in the Canada student service grant and want to make a contribution.

Organizations need volunteers, and young people are ready to volunteer. Is it possible to come up with a program that allows for tuition support to be granted for young people, on the one hand, and for organizations to benefit by the presence of young people? Can we still get to the underlying goal of the Canada student service grant—delivered differently, of course?

• (1505)

Hon. Bill Morneau: I think it's very important to put this program in context. We came up with multiple approaches to help students. We had a \$9-billion program overall, which included support for people who were not going to be able to get jobs, direct financial support. It was tuition reduction, in grants for tuition, or increase in grants for tuition in the fall. It was a reduction in interest costs or elimination of interest costs on debt. There were multiple things we were doing at the same time.

This was one. We saw it as a very important way to engage and improve our ability to deal with the pandemic, so we're going to continue to try. Unfortunately, this is making it more difficult, because the starting position was that the public service didn't have the ability to deliver with the same speed. That means we are trying to figure out a way to do this, but it is difficult, for sure. We will continue to think, though, about how we can deliver.

The Chair: We'll go to Mr. Poilievre, and then on to Ms. Dzrowicz.

Mr. Poilievre.

Hon. Pierre Poilievre: How much time do I have?

The Chair: You have five minutes.

Hon. Pierre Poilievre: Mr. Morneau, can you please give me the account of how many times you spoke about WE Charity with your staff or your officials?

Hon. Bill Morneau: I've tried to give an understanding of the process and the deliberations. I think you've heard from me in my prepared statements the periods of briefing—

Hon. Pierre Poilievre: Just how many times? How many times did you speak about WE with your staff or your officials, the number of times, please?

Hon. Bill Morneau: I think what you will hear in my prepared remarks....

I went through a number of briefings, and those were the times when this was the discussion.

Hon. Pierre Poilievre: To recap where we are, you and the Prime Minister gave \$912 million to the real estate holding arm of a group that had paid the Prime Minister's family \$300,000 and gave your daughter a job and your family \$41,000 in illegal travel expenses. That's just what we know so far. We know that this is illegal.

We know that you ought to have recused yourself under section 21 of the Conflict of Interest Act, which states, "A public office holder shall recuse himself or herself from any discussion, decision, debate or vote on any matter in respect of which he or she would be in a conflict of interest."

We also know that, under section 11, "No public office holder [of which you are one] shall accept any gift or other advantage, including from a trust, that might reasonably be seen to have been given to influence the public office holder in the exercise of an official power, duty or function." You have violated that section, as well, in accepting \$41,000 of secret travel expenses.

You've only admitted now that you did that, the same day you're called to testify under oath on the matter, over a year after the gifts were accepted. You are a minister who has already been found guilty of violating the Conflict of Interest Act when you failed to reveal the existence of your villa in France.

Minister, you have lost the moral authority to hold your office, and it is the position of Her Majesty's loyal opposition that you resign. Will you resign?

The Chair: Minister, the floor is yours.

Hon. Bill Morneau: Mr. Chair, and to the questioner, I want to make it very clear that there were, in fact, mistakes made here. I have said quite clearly that in hindsight I should have recused myself from this decision when it came to cabinet. I did not know that there were expenses that had not been charged to me in that travel, and that work—

Hon. Pierre Poilievre: Sorry, Minister—

The Chair: Mr. Poilievre, we're usually pretty sticky the other way on time, so we'll be sticky this way today. The minister has the floor for a little longer.

Go ahead, Minister.

Hon. Bill Morneau: As I said, I did not know that there were expenses that were not charged to me, but I'm not making an excuse. It was my mistake not to have taken responsibility to ensure that those expenses were paid. I found that out only with a thorough review of my records over the course of the last few days. That is absolutely a mistake on my behalf.

I then turned around to reimburse, which I know is important—

• (1510)

Hon. Pierre Poilievre: Mr. Chair—

The Chair: The minister still has time.

Hon. Bill Morneau: —and I will continue to work on behalf of Canadians.

I want to put this in context. The program we were trying to deliver for students—

Hon. Pierre Poilievre: Mr. Chair—

The Chair: You have 10 seconds, Minister.

Hon. Bill Morneau: —to get them engaged in volunteering, we believe is very important, and that's important work that I will continue to do with my government.

The Chair: It's over to Mr. Poilievre.

Hon. Pierre Poilievre: Canadians will find it impossible to believe that this organization showered you with 41,000 dollars' worth of luxury and accommodations and that you didn't know about it, that somehow you were enjoying all of these benefits and expenses paid for you while you were on an exotic vacation to Ecuador, and that somehow you didn't even know the expenses occurred.

Who did you think was paying for all of the wine and the food and the luxury travel that you were consuming? Did you think that it was just falling out of the sky, Minister? Who did you think was paying for these tens of thousands of dollars of luxurious expenses that you were enjoying? Where did you think it was coming from?

The Chair: That's the last question. We'll give the minister time to respond.

Go ahead, Minister.

Hon. Bill Morneau: Thank you, Mr. Chair.

As I've said, we did go back and look at our records and found the travel and hotel costs, but didn't find any charges to us from the WE facilities. This is something that we should have rectified sooner. It was absolutely in error. In looking through my records, I was completely surprised at this situation. That's not an excuse; that's just what happened.

Mr. Chair, I can just say, again, that this was not an excuse, and it's a mistake.

The Chair: Okay, we'll go to Ms. Dzerowicz.

Then, I will give Ms. Gaudreau a couple of minutes for questions and then Mr. Angus, and then we'll have to end.

Ms. Dzerowicz.

Ms. Julie Dzerowicz: Thank you so much.

Thank you, Minister, for presenting today. Thank you for your remarks at the outset.

The first thing I would like to say is that 70 programs and over \$200 billion in direct support to Canadians.... I know that during March and April, Davenport residents were super stressed. They were enormously happy with the programs as they were being announced. It gave them comfort that there was a government that was caring after them and was trying to help support them as we

were going through an unprecedented pandemic that no one really knew how it was going to unfold. Thank you for that.

I also want to thank you for your apology, or both apologies: one is about recusing from the cabinet decision and then also for the \$41,000 payment.

I have three key questions. The first one is, can you make it clear to the committee whether there was any direction from you, your team or the finance department to select or suggest WE as the choice for the Canada student service grant?

Hon. Bill Morneau: Thank you for your comments.

I think it has been a particularly challenging time, and I'm pleased to hear that you're receiving positive feedback from your constituents. I want to acknowledge that we are still in a pandemic, so these challenges will continue and we will continue to be thinking about how we support people.

The decisions around the programs to support students were very important, and those were decisions that were taken together with other departments. They were working together on what the right approach was to deliver, but the final recommendation for how the program was to be administered came from Employment and Social Development Canada, and that was their role, in thinking about how we could best deliver for students.

That is the approach. It was not up to me or my team to come up with those recommendations or even to do the direct analysis on the capabilities.

• (1515)

Ms. Julie Dzerowicz: Was there a direct suggestion from you or your team to suggest that WE should be the choice for the Canada student service grant?

Hon. Bill Morneau: No, my team would not have directed that.

I certainly have no awareness, no first-hand knowledge, of the capabilities of either the public service or the WE organization to deliver that program.

Ms. Julie Dzerowicz: There's a lot of concern around the signing with the WE Charity Foundation, as opposed to WE Charity. Can you just make it clear for the committee that it was the responsibility of Minister Chagger to actually sign the final contract, and it wasn't with yourself or the finance department?

Hon. Bill Morneau: Your assertion is correct. It was not my responsibility to sign any of those agreements, nor to consider which organization would be receiving those contracts.

Ms. Julie Dzerowicz: My last question is around the \$41,000 that you've paid back today, Minister. I believe it was for two trips: one was to Kenya and one was to Ecuador. Can you explain what the intention of the trip was? Was the intention always to cover your own costs and the costs of your family going there?

Hon. Bill Morneau: All I can tell you is that I was completely surprised that, on review, there were expenses that had not been charged to us. It was always my intention, our family's intention, to pay for all expenses.

These were for two trips: one trip of my wife and daughter to Kenya to see schools that were being built there; and then, subsequently, to Ecuador, where we went as a family and were involved in actually building schools.

The expenses were appropriately my expenses. It was my mistake not to ensure that they were paid. I was unaware that they weren't charged to us. Having found that out, I obviously felt that I had made a mistake and I needed to immediately rectify the situation.

The Chair: Thank you, both.

We will go to Madame Gaudreau for a two-minute question, then two minutes to Mr. Angus and we're done.

[*Translation*]

Ms. Marie-Hélène Gaudreau: Good afternoon, Mr. Morneau.

I am not sure whether you heard my comments earlier in the House, but I have a lot of questions, as do all our constituents, about transparency and good judgment. People often ask me how this \$1 billion contract was awarded under a contribution agreement, when volunteer directors are required to disclose any conflict of interest or appearance of conflict of interest.

Could you enlighten me, because I do not know what to say to my constituents, since there was clearly a major failure?

Hon. Bill Morneau: Thank you for the question.

There are two things. Of course, we are in a crisis. The pandemic is very difficult. We decided to find ways to provide people with the support they need. There was an urgent need to respond to this situation. Of course, as I said, it was up to me to determine whether it was necessary to recuse myself, and it was a mistake to decide not to do so. I will change my approach in the future.

Ms. Marie-Hélène Gaudreau: Mr. Morneau, let me say that your situation may not have been well known, but that everyone was aware of Mr. Trudeau's situation, if only because Ms. Grégoire had just returned from London and had contracted COVID-19 as well.

Was there no one in cabinet who focused on this and wondered whether this situation should be disclosed?

• (1520)

Hon. Bill Morneau: The policy was very important to students. So that was our goal. The administration of the program was done on a recommendation from the public service, and that's important. They decided how we were going to implement this program for students, and it was an important issue for them. We received and considered their recommendation.

In the end, our approach was to support students. I made a mistake and the Prime Minister was said to have made a mistake, but our intention was really to find the approach required to respond to the pandemic.

Ms. Marie-Hélène Gaudreau: Thank you, Mr. Morneau.

I have one last question—

[*English*]

The Chair: Sorry, Madame Gaudreau, we are out of time. It was two minutes.

We're a little over time, Minister, but to balance it, I'll have to give Mr. Angus two minutes as well.

Charlie, you're on.

Mr. Charlie Angus: Thanks so much, Wayne Easter, my good friend and seatmate.

Minister, I'm glad your colleague clarified that it wasn't actually your department that was working out the details. It was Bardish Chagger's office, yet WE was talking to you. The Prime Minister began talking to you in early April, and you had the WE report. You said that the report was circulating.

Who in the Privy Council had that report? Who in the Prime Minister's office had the proposal, and had the Prime Minister seen it?

Hon. Bill Morneau: Thank you.

I think what's important to know here is that what you're taking about is a proposal for a different program that apparently went to a number of ministers' offices. It came to me directly. I didn't review it at the time.

I don't have any way of knowing, but I would be very surprised that it would ever go to the Prime Minister. That would not normally be something that he would see—

Mr. Charlie Angus: But the Prime Minister and you were talking about a program that.... I know that there was the original proposal, but the second proposal is very, very tied to WE. They called you up, Mr. Morneau. They reached out to you. It's not your file, it's Ms. Chagger's, but you are a friend to them. They paid \$41,000 to you and your family to travel and it was not reported. They hired your daughter. They paid the Trudeau family over \$300,000 at the time. They have an enormous amount of influence, so this is the question.

I know you read the Conflict of Interest Act when you first became minister and it's somewhere back in one of your files, but you need to understand that it's about buying political influence. It's about being your friend. They contact your office and it's your officials who are dealing with them. You're dealing with the Prime Minister and he has the same idea that you have, and boy, that idea is just like WE.

Doesn't it occur to you, Mr. Morneau, that you've been very influenced by this group? They've had the inside track from the get-go, and your relationship with them is helping to push that. You were the Kielburgers' pack mule pushing this through, and now it's all blown up on you.

The Chair: We'll have to go to the minister.

Please clarify, Minister, whether they called you or you called them. Earlier, you said you called Mr. Kielburger over programming, I believe, or CERB or whatever it was.

Go ahead.

Hon. Bill Morneau: Thank you, Mr. Chair.

To be really clear here, the goal.... Certainly, in the discussions I had with the Prime Minister, we were thinking about how we could support students. That was critically important. We needed to come up with ways to make sure that we delivered support to students.

The inference that we had any idea of exactly how that support would happen, or even how it would be delivered, is incorrect. We were thinking about how we would support students and, as we developed the policy, then we passed it to the public service to think about how that could be properly delivered. That was a critically important step in thinking about how we could get that support.

The proposal that was circulated earlier on from the WE organization was separate. I certainly didn't have any awareness of that proposal when it came in. Much later, as I reported, I did have a call with Craig Kielburger and that was to understand generally how the COVID-19 situation was impacting businesses and organizations across the country.

Our goal here is, and remains, to support students. We know that there was a mistake made in terms of how we came through this decision-making process. I should have recused myself. The Prime Minister has also said that. We will continue to think about how we can best be supportive.

I just want to say that we need to move forward. It is a time of pandemic, and there will be more work for us to do.

• (1525)

The Chair: Okay.

Minister, thank you very much for your testimony, and thank you—

Mr. Michael Cooper: I have a point of order, Mr. Chair.

The Chair: What's your point of order, Mr. Cooper?

Mr. Michael Cooper: Thank you, Mr. Chair.

I would like to put forward a motion to be debated at a future meeting. The motion reads as follows: "That whereas—"

The Chair: Okay, let's hear your motion first, and then I'll release the minister.

Go ahead.

Mr. Michael Cooper: The motion reads as follows:

That whereas the Minister of Finance has accepted \$41,000.00 in illegal travel expenses, and that the Minister of Finance is in flagrant breach of multiple sections of the Conflict of Interest Act, including but not limited to sections 6, 11 and 21, in addition to prior violations, that the Standing Committee on Finance hereby call on the minister to immediately resign.

The Chair: So you're giving the 48-hour notice.

Mr. Michael Cooper: Yes.

The Chair: Thank you for that. That notice is given.

Mr. Morneau, thank you for appearing before the committee today and giving your statement, and for answering our questions and taking the extra time that normally happens when we have a minister before the committee. Thank you very much.

You're released, Minister.

Hon. Bill Morneau: Thank you.

The Chair: We'll go to the finance official, Ms. Kovacevic, for 30 minutes, if we could.

Ms. Kovacevic, hopefully your technology is working now. Do you have an opening statement, or are you just going to questions?

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

I do have an opening statement, if you would permit me to read it.

The Chair: Okay, fire away.

Ms. Michelle Kovacevic: Good afternoon, committee members. My name is Michelle Kovacevic and I am the assistant deputy minister for the federal-provincial relations and social policy branch at Finance Canada.

Before I start, I was made aware just as I was coming into the office that there may be an interest on behalf of the committee for me to stay longer than 30 minutes. If that is still the interest of the committee, I'm happy to do so.

I would like to provide you with context on my role in the lead-up to the announcement by the Prime Minister on the Canada student service grant, and the context with respect to the ultimate selection of WE Charity as a third party administrator.

On April 6, during the Prime Minister's morning press conference, he noted that more support for students would be coming soon. That same day, my team reached out to colleagues at Employment and Social Development Canada, ESDC, to hear about options for supporting students. My team and I also met with my minister's office to understand what was needed. Our timelines for developing the package were very condensed. Our work was informed by proposals and expertise in ESDC, as well as other departments. The package announced on April 22 by the Prime Minister included over \$9 billion in support for students, including the creation of the Canada student service grant, which, at \$900 million, represents 10% of the overall student package that we developed.

Today, I will focus solely on the options that were explored to develop the Canada student service grant. The key objective for us was to mobilize students to help respond to the pandemic, while also providing tuition support for their future studies. A number of options were pursued, including, first, a tuition credit or tuition waiver for students. My team, along with ESDC, explored delivering this through the Canada student loans program, directly via provinces and territories, or by post-secondary education institutions billing the federal government directly. There were issues with respect to validating the identity and eligibility of recipients, in addition to the actual capacity to deliver the program across the country. None of these were considered to be ideal.

We further looked at scaling up existing volunteer programs through the Canada service corps and TakingITGlobal, its administrator. This option was indeed supported, and funding was provided to expand the number of micro-grants for youth from 1,800 to 15,000 and to provide stipends to participants. However, there was interest in, and need for, a much broader reach beyond 15,000 service opportunities.

With Health Canada, my team examined whether students could fill a critical need in contact tracing related to COVID-19, including both volunteer options and direct federal hiring to support provincial and territorial efforts. Our teams also looked at using a temp agency to do hiring on our behalf. None of these options were selected, because a large number of volunteers had already been identified to do the work by the health portfolio, and provinces and territories, at that point in the pandemic, were still quite uncertain about how much help for contact tracing they actually needed.

My team then looked at creating a Canada experience grant that would make bursaries available to students who volunteered in positions deemed essential during COVID-19—a good deed bonus, if you will. However, given significant concerns for the health and safety of students, my team moved away from the idea of an essential position and broadened the scope of volunteering.

My team, along with ESDC of course, also considered whether two organizations working together could administer this grant. We considered a series of third parties that could have the capacity to deliver this type of program, including Shopify, Ceridian, Imagine Canada, Volunteer Canada, the Canadian Red Cross, the United Way, and the I Want to Help platform concept developed by ESDC.

The student announcement on April 22 was high-level, with further details to be worked out following further analysis by ESDC. It was during the course of this analysis that the potential of partnering with WE Charity came up.

On April 9, I received a “What We Heard” document summarizing stakeholder feedback on students at work during the COVID emergency, prepared by my minister’s office. WE Charity was one of 12 stakeholders included in the document. I believe my minister actually mentioned that as well.

On April 16, in an email discussion on which organizations might be able to deliver a range of volunteer opportunities across the country, WE Charity was raised as a possibility by colleagues at ESDC. I encouraged ESDC to include WE Charity in their analysis of potential delivery options.

On April 18, I briefed my minister’s office on progress on the file. I noted to them that ESDC had informed us that WE Charity may be an option. My team also held a joint teleconference with ESDC, where a number of organizations were discussed. I cannot recall who actually raised the idea to speak with WE, but I can recall that we all agreed to it.

● (1530)

On April 19, we received a copy from ESDC of the April 9 WE social entrepreneurship proposal that had been previously circulated to ministers. This was the first time the proposal was provided to me, according to my records. That same evening, my branch routed

a briefing package to our minister that included the WE proposal as an annex, but no analysis nor recommendation was provided on WE.

The next day, April 20, my minister’s office connected with WE Charity to discuss their ability to deliver volunteer opportunities. The records of this call from my minister’s office note that WE Charity will rework their 10-week summer program proposal to fully meet the policy objective of national service, and increase their current placements of 8,000 to double.

On April 22, of course, the Prime Minister made his student package announcement.

On April 23, in a meeting between my team and ESDC, we discussed the possibility of WE Charity as a third party that could offer virtual volunteer placements and potentially administer the Canada student service grant. My office also set up a meeting with WE Charity to take place the next afternoon. On April 24, ESDC and finance officials spoke with WE Charity to better understand the organization and its capacity. No commitments were made, other than that ESDC would follow up.

As is usual after a funding decision and announcement, further development of the detailed program proposal was turned over to ESDC. On May 7, I received a copy from ESDC of a May 4 proposal from WE Charity to deliver the Canada student service grant for the government. This is the first time finance officials saw a proposal where WE Charity could be the third party administrator for the program.

My team continued to work with ESDC as they developed the program and advanced a cabinet proposal. I also continued to brief my minister’s office, which is normal practice as major initiatives proceed to cabinet and then to launch. In this context, WE Charity was raised a number of times and ultimately formed the basis of the recommendation of ESDC to Minister Chagger that the government enter into a contribution agreement with WE Charity to administer the Canada student service grant. Finance officials supported this recommendation in related advice to our minister, including the detailed costing of the proposal, as outlined by Minister Chagger in her testimony last week.

I would be happy to answer any questions from the committee.

Thank you.

● (1535)

The Chair: Thank you very much, Ms. Kovacevic. I failed to introduce you in terms of your responsibilities. You are assistant deputy minister, federal-provincial relations and social policy branch. Thank you for that statement.

I'm not sure, and the clerk will have to tell us on this, but Ms. Kovacevic has offered to stay longer if necessary. What I would suggest is that we go to eight questioners, at four minutes per question round, and I'll go with the list I have from panel one, because I don't have a new list. That would be starting with Mr. Cooper, and then Ms. Koutrakis, Mr. Fortin and Mr. Angus. Would we be okay with that?

Madam Clerk, I have to ask you this. I know that we're under tight time frames on these video conferences. Are we going to be okay with the use of the room where this is centred in Ottawa? Are we okay to go for another half an hour? The assistant deputy minister made a seven-minute statement. Are we okay for about another half an hour?

The Clerk of the Committee (Ms. Evelyn Lukyniuk): I'll inquire right now and let you know if it's an issue.

The Chair: Okay.

The total list I have—it's subject to change because I don't have a list, folks—would be Cooper, Koutrakis, Fortin, Angus, Poilievre, Dzerowicz, Morantz and Fragiskatos. For any difference on that, just yell at me, I guess. That's what you'll have to do.

Mr. Cooper, go ahead.

Mr. Michael Cooper: I think it's supposed to be Mr. Poilievre first, then me.

The Chair: Okay.

Mr. Poilievre, do you want to go first? Then we'll put Mr. Cooper in your place.

Mr. Poilievre.

Hon. Pierre Poilievre: Ms. Kovacevic, you attended a meeting in mid-April with Ms. Wernick. Ms. Wernick suggested before this committee that you were the one who first suggested that WE be the delivery group for this program. Is that true?

Ms. Michelle Kovacevic: Thank you for the question.

The meeting that you're referring to, I believe, took place on April 18 in the evening. At this point we are discussing a broad range of issues, including—

Hon. Pierre Poilievre: Sorry, we don't have a lot of time. I'm just asking if you were the one who first suggested WE. That's all.

Ms. Michelle Kovacevic: Yes, I was certainly the one who initiated the meeting. We were talking about grant and credit, and whether there were opportunities for—

Hon. Pierre Poilievre: Did you suggest WE?

Ms. Michelle Kovacevic: I do not recall if it was I who actually raised the idea, but what I do recall clearly is that we all agreed to it.

Hon. Pierre Poilievre: Okay.

Ms. Michelle Kovacevic: Just to be clear to the committee, it was in the context of volunteer placements and mobilizing through their social media to get students in that.

Hon. Pierre Poilievre: Prior to that, had you discussed the idea of employing WE for this with any exempt staff of the government, or of any of the ministers?

Ms. Michelle Kovacevic: No. According to my records, the first mention of WE, to me, was on April 16. That, again, is in a conversation I was having with my colleagues at ESDC. Again, this is in the context of—

Hon. Pierre Poilievre: What were their names?

Ms. Michelle Kovacevic: On that call on April 16, it would have been Rachel Wernick and also the associate deputy minister.

Hon. Pierre Poilievre: Which one? Who's that?

Ms. Michelle Kovacevic: Benoît Robidoux.

Hon. Pierre Poilievre: Did they suggest where they had heard the idea of bringing in WE?

Ms. Michelle Kovacevic: This wasn't about bringing in WE. This was about the fact that we could partner with a company like WE to do volunteer matching on ESDC's—

Hon. Pierre Poilievre: The question was, did they mention where they heard that idea?

The Chair: Pierre, we'll give her time to answer.

Ms. Kovacevic.

Ms. Michelle Kovacevic: The idea was a partnership: Could a company like WE do volunteer matching?

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

The Chair: Go ahead. What's your point of order?

• (1540)

Hon. Pierre Poilievre: I'm not interested in what the idea was. I'm asking where it came from. The question was very specific. It was very clear. We don't have a lot of time. I'd ask you to call the witness to answer the question.

The question was, did ESDC officials in that meeting mention where they had first heard the idea of bringing WE into the delivery of this program or involving it in any way?

Ms. Michelle Kovacevic: All I can say is that ESDC raised the issue. We never discussed where the issue came from. That is it.

Hon. Pierre Poilievre: How many times did you discuss WE with exempt staff in the government?

Ms. Michelle Kovacevic: I wouldn't know, off the top of my head.

Hon. Pierre Poilievre: Was it once?

Ms. Michelle Kovacevic: Leading up to the Prime Minister's announcement, I imagine there would be a number of occasions where I would talk about the partnerships that we could enter into with WE.

Hon. Pierre Poilievre: About WE, was it roughly half a dozen times?

Ms. Michelle Kovacevic: I don't know. I can't recall.

Hon. Pierre Poilievre: Do you remember with whom you discussed WE—the exempt staff?

Ms. Michelle Kovacevic: I would very gladly turn over my emails and we could say very specifically with whom I was discussing. I would like to make clear to the committee that the discussions were on a broad range of ideas and companies.

Hon. Pierre Poilievre: Yes, that's fine.

Did you ever discuss WE with Minister Morneau?

Ms. Michelle Kovacevic: Yes, most certainly. Of course, the government—

Hon. Pierre Poilievre: When? On what dates?

The Chair: Just give the witness—

Hon. Pierre Poilievre: She did answer the question, to her credit. On what dates?

The Chair: Yes, but allow her to answer the questions.

Ms. Kovacevic, go ahead.

Ms. Michelle Kovacevic: Thank you.

I can tell you that leading up to the Prime Minister's announcement on the 22nd there were three briefings with Minister Morneau, on the 14th, the 18th and the 21st. At no point in any of these briefings did we talk about the idea, nor was advice given, to select WE as a recipient for a third party. That never came up.

Hon. Pierre Poilievre: That wasn't my question. My question was, when did you discuss—

The Chair: This is your last question, Pierre.

Hon. Pierre Poilievre: All right.

The question was, again, on what occasions did you discuss WE with Bill Morneau? That's all. It's just that specific question.

Ms. Michelle Kovacevic: It's only when I have a scheduled briefing with the minister. I gave you the three scheduled briefings.

In the first one, on the 14th, we were talking about the broad \$9-billion package and absolutely not about WE. On the 18th and the 21st, there was a range. We talked about a grant, a credit, Shopify, Ceridian.... In a verbal briefing I certainly may have mentioned it. In our actual analysis, we did not talk about it, except for what the minister did actually say, which is that we attached the annex of the first proposal we received from WE to a briefing note, without any recommendation and without any analysis.

The Chair: Thank you, both.

We'll turn, I believe, to Ms. Dzerowicz next and then to Mr. Fortin.

Mr. Fortin, you had your hand up earlier. What were you going to say?

You're not coming through to me somehow.

[Translation]

Mr. Rhéal Fortin: Everything is fine now, Mr. Chair.

[English]

This is too much technology for me.

[Translation]

Mr. Chair, as I was saying, the meeting of the Standing Committee on Access to Information, Privacy and Ethics starts at 4 p.m. and we had planned to finish ours at 3 p.m. However, it is taking longer and we are now 40 minutes behind schedule.

Are we scheduled to stop this meeting at 4 p.m., given the meeting of the next committee? What is the plan?

[English]

The Chair: We will go a little bit beyond four o'clock, because we're going to go with eight questioners at four minutes each, if we can.

We'll go to Ms. Dzerowicz. We'll definitely get to you next, and you'll have time to get to the other committee.

[Translation]

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

[English]

The Chair: Ms. Dzerowicz.

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

Thank you, Ms. Kovacevic, for your testimony today. Thanks for your extraordinary work.

There is a narrative—and I think you're hearing some of the questions—that it's believed that Finance or someone at Finance suggested only WE and that it was the intention of our government to suggest only WE as the deliverer for the Canada student service grant. Can you please, for the record, let us know whether it was you or whether it was the officials at Finance who suggested only WE as the recommendation for the CSSG, or was WE always considered with a whole number of other organizations initially?

Could you just clarify that, because that is kind of the implication of a lot of the questions here?

• (1545)

Ms. Michelle Kovacevic: I can clearly say that up to the April 22 announcement of the Prime Minister, where we announced a set-aside of up to \$900 million for a Canada student service grant, there was no recommendation about WE and no recommendation to enter into a third party. In fact, the recommendation or the follow-up was that the Department of Employment and Social Development would have to bring in a proposal with the advice on how to do this and with whom.

With regard to the final decision, of course, when the government announced that it would be entering into a contribution agreement with WE, we, the Department of Finance, recommended this advice to our minister. In our note, we do note that the WE Charity organization, we've been told, is in fact the only organization that could stand up the proposal as described, with the sort of magnitude, ambition and volume of the service placements desired. Most importantly, it would be in the time required.

You'll recall that on April 22, when the Prime Minister made the announcement—a very high-level announcement with work still to be done by the department, ESDC, to figure out how to implement this and with whom—university and college students were just about to finish their spring semesters, so there was real pressure to do things quickly and to get this off the ground.

Ms. Julie Dzerowicz: Thank you.

What type of due diligence is done on organizations in a normal process? Would it have been the responsibility of Finance to have done the due diligence on third party organizations before contracts were signed, or would that have been the responsibility of whoever was responsible for the program?

Ms. Michelle Kovacevic: There are many kinds of due diligence, and it's not for me to speculate on how well due diligence was executed. What I can say is that the lead on the negotiation of the contribution agreement is not the Department of Finance. It is, in fact, the Department of Employment and Social Development, so choosing the organization and the accountability is up to ESDC.

The Department of Finance, of course, approved the \$900-million set-aside, so we are looking at the fiscal framework and making sure that whatever ESDC recommends and puts forward actually abides by and is in keeping with the broad parameters of what we put in the funding decision to spend up to \$900 million.

The Chair: We're going to have to end it there, because Mr. Fortin doesn't have a lot of time.

Mr. Fortin, the floor is yours for four minutes.

[Translation]

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

Ms. Kovacevic, you talked about a meeting that took place on the evening of April 18, during which WE was proposed. However, you don't remember whether you or someone else proposed it. You said that you were not sure, but that you remember that everyone agreed. Is that correct?

[English]

Ms. Michelle Kovacevic: Yes, you understand correctly.

[Translation]

Mr. Rhéal Fortin: Okay.

Could you tell me who was present at that meeting?

[English]

Ms. Michelle Kovacevic: To the best of my recollection, there was me, of course; my associate deputy minister, Suzy McDonald; and Rachel Wernick, who is the senior assistant deputy minister at

ESDC. She may have been joined by somebody, but I would have to check the record. I'm not entirely sure who.

• (1550)

[Translation]

Mr. Rhéal Fortin: Once you have checked, could you send us a copy of the document with the list of names, whether it's the minutes or another document? Is that possible for you?

[English]

Ms. Michelle Kovacevic: It would be my pleasure.

Indeed, the committee has ordered us to produce all kinds of documentation, which we are gathering and will be submitting by the August 8 deadline.

[Translation]

Mr. Rhéal Fortin: If I understand correctly, there were five of you at that meeting: Rachel Wernick, yourself, a person named Suzy, whose last name I forget, and two other people. Is that correct? Were there four or five people there?

[English]

Ms. Michelle Kovacevic: No, sorry. I said that I can recollect for sure.... This was a teleconference at 10:00 at night, I think, or late in the evening. It was me, Suzy, and Rachel for sure. Beyond that, my recollection is a just a little—

[Translation]

Mr. Rhéal Fortin: I would like to know how many people were with you.

[English]

Ms. Michelle Kovacevic: One, Suzy.

[Translation]

Mr. Rhéal Fortin: You said that the person named Suzy, Rachel Wernick and yourself were present, but that there were other people as well. How many people were there in addition to the three of you?

[English]

Ms. Michelle Kovacevic: That's what I don't know. This was a teleconference, so I don't know if there was anybody else on the phone. I don't recall.

[Translation]

Mr. Rhéal Fortin: In terms of awarding the contract to WE, I would like to know whether you considered issuing a call for tenders. You explained earlier—and you did so very well, by the way—that the time frame was short and that you had to act quickly. We understand that.

Did you consider a simpler call for tenders, with shorter deadlines, to make the awarding process more transparent?

[English]

Ms. Michelle Kovacevic: The decision to choose WE and to enter into a contribution agreement, whether sole source or open tender, was a recommendation put forward by Minister Chagger. The Department of Finance considered that proposal and made our recommendation, which was favourable.

At no time would I have been in a discussion at all negotiating this contribution agreement. That is solely the responsibility of ESDC.

[Translation]

Mr. Rhéal Fortin: I asked you whether you had considered the possibility of a simpler call for tenders, with shorter deadlines, or whether you had talked about it.

Ms. Kovacevic, did you personally discuss that?

[English]

Ms. Michelle Kovacevic: I don't recall exactly what was discussed, but I can say that we were in agreement with the proposal as put forward, recognizing all the work and policy that we had done upstream in terms of the capacity and the timing for delivery. We were in agreement, and fully supportive of the proposal as it was put forward.

The Chair: Thank you both.

All the best at your next committee, Mr. Fortin.

Next on the list is Mr. Angus, for four minutes, and then Mr. Cooper.

Mr. Charlie Angus: Thank you so much for participating in our hearings.

Who was the key point person for WE, when you discussed the proposal?

Ms. Michelle Kovacevic: The key point person where? In the Department of Finance?

Mr. Charlie Angus: For WE. For discussions with WE, who was the point person you discussed with?

Ms. Michelle Kovacevic: I only had one discussion with WE, on April 24. This was a discussion—

Mr. Charlie Angus: There was a proposal back around April 7 or 9 that was circulating, and it was a different proposal. Then WE changed their proposal to meet the guidelines. Who in your department spoke with...? Someone was speaking with WE. They weren't coming up with this from the Ouija board. Who was the person at WE who was the point person?

Ms. Michelle Kovacevic: Pardon me, I understand your question now.

I can tell you that on April 20, from my minister's office Amit Singh connected with somebody at WE—I'm not sure who—and they were talking about volunteer opportunities. That is the part that I read in my opening statement, about enhancing from 8,000 to double that.

Mr. Charlie Angus: I guess what I'm finding really surprising here is that we have a proposal, and it's not the one that the government needs. Then another proposal is written that's much closer. There had to be negotiations back and forth with WE in order to make this thing credible—or was this just done on the back of a napkin?

Was there work done so that this second proposal met the requirements, so that you could then say, this is as close as we can get; this is a group that can do it?

Who was that point person?

• (1555)

Ms. Michelle Kovacevic: I can't speculate and I don't know who would have been talking to WE, if anybody. It was certainly not me or Department of Finance officials.

I would clarify for the committee that in this second proposal, which was building on the first one, in addition to social entrepreneurship and business service placements there was a service placement stream, for COVID, for the arts. That is still not the ultimate proposal and what the government agreed to do for a third party administrator.

Mr. Charlie Angus: How many other proposals were brought forward by charities between the first proposal by WE and the second? How many other proposals came across the desk at Finance from other groups?

Ms. Michelle Kovacevic: The proposals that came to me.... None of these, actually, came to me. I am aware that there was a proposal from U15 with respect to universities.

You'll recall that this is an entire student package, not just the student grant.

Mr. Charlie Angus: For this specific plan, it seems odd that there's an original proposal that is not the same thing at all, but then it begins a series of discussions. A second proposal then comes forward and it's very close, and then WE becomes the only group.

You guys don't do things on the fly. We're talking about \$900 million. There had to be a number of other proposals you looked at. There had to be serious negotiations that you were involved in.

Were there other proposals on the table besides WE's for this specific kind of program? Did you check other groups to ask what they could deliver and how fast they could turn it around?

Ms. Michelle Kovacevic: What I could say, sir, is that the PM's announcement on April 22 was high-level. There was no identification of a party. It was just a set-aside, and ESDC then did follow-up with respect to how to deliver this and with whom.

It would, then, be ESDC who would make the determination, if there—

Mr. Charlie Angus: I guess the issue—

The Chair: This is your last question, Charlie.

Mr. Charlie Angus: This program seems tailor-made for WE. WE has been involved in discussions. Politically exempt staff are involved—you haven't named who they are. The question we're asking is—and we're not blaming you, but we're talking about your higher-ups—was whether WE was given the inside track.

We haven't seen anything that tells us that between the first and the second proposals there were a bunch of other proposals on the table. What we've seen between the first and second proposals is that WE was certainly able to really refine their position, so that when Rachel Wernick called them, they had all the right answers.

I need to know, then, who at WE was involved in the discussions and how many discussions went back and forth so that the second proposal was a lot closer to what you guys agreed to. That's the answer I'm not hearing.

The Chair: Go ahead, ma'am.

Ms. Michelle Kovacevic: Thank you.

I can only tell you the facts as I understand them and know them. They are that on April 20 there was one conversation between my minister's office and WE, which I have already discussed. Outside of that, other than my own conversation with Rachel and WE on the 24th, I am unaware of any other contact at all, and I can't speak to that question.

The Chair: Thank you.

We will go to the last round, of four minutes apiece. The lineup will be Mr. Cooper, Mr. Fragiskatos, Mr. Morantz and Ms. Koutrakis.

Mr. Cooper.

Mr. Michael Cooper: Thank you, Mr. Chair.

I want to thank the witness.

I want to get a better understanding of how WE came up. You mentioned, as I understood your timeline, that the possibility of WE came up in an email discussion on April 16 from ESDC. Am I right?

Ms. Michelle Kovacevic: You are correct.

Mr. Michael Cooper: Who raised that from ESDC?

Ms. Michelle Kovacevic: That would have been my colleague Rachel Wernick.

Mr. Michael Cooper: Prior to that time you had never heard anyone bring up WE, other than on April 9 when you said there was some stakeholder feedback in which 12 charities were identified. Is that correct?

• (1600)

Ms. Michelle Kovacevic: That's correct. April 16, according to my records, was the first time that WE entered into a broad-ranging discussion. We had not even settled on a grant. We are talking about a tuition credit—

Mr. Michael Cooper: Fine. I got that, but on April 9, during that same day as the stakeholder feedback session, WE submitted a proposal. Is that right?

Ms. Michelle Kovacevic: I became aware of that proposal on April 19, when ESDC shared it with me.

Mr. Michael Cooper: That's not my question. My question is this: There was a proposal from WE submitted on that date, April 9. Is that right?

Ms. Michelle Kovacevic: Yes.

Mr. Michael Cooper: Who was it sent from?

Ms. Michelle Kovacevic: I don't have any knowledge of that.

Mr. Michael Cooper: Will you undertake to find out?

Ms. Michelle Kovacevic: I can do my best to do that, sir. All I can say is that I received it on the 19th.

Mr. Michael Cooper: That's fine. I understand that.

Who was it sent to? I presume you don't know that either.

Ms. Michelle Kovacevic: I don't.

Mr. Michael Cooper: It was sent to Finance. The minister's spokesperson admitted that.

Ms. Michelle Kovacevic: That's right. The minister said that himself.

Mr. Michael Cooper: Were you aware of any other proposals that were submitted on April 9 or prior to that?

Ms. Michelle Kovacevic: I am not aware of any, sir.

Mr. Michael Cooper: You're not aware of any, okay.

We have this proposal from WE. In terms of what happened after that, you briefed.... To backtrack a little bit, you talked about the fact that you considered a number of organizations before April 9 in broad terms to potentially administer some sort of student program. Is that correct?

Ms. Michelle Kovacevic: April 6, 7, 8, the very early days—

Mr. Michael Cooper: Yes. I get that. Thank you for that—

The Chair: We'll allow the ADM to answer that, Mr. Cooper.

Mr. Michael Cooper: Yes.

The Chair: Go ahead, Ms. Kovacevic.

Ms. Michelle Kovacevic: The records will show that those early days were about describing an entire frame for the student package, which turned out to be the \$9 billion—

Mr. Michael Cooper: Thank you for that.

You mentioned a series of organizations, one of which was Volunteer Canada. The president of Volunteer Canada came before the committee and said that it had never been approached by your department, by any department, regarding a student package. When I asked the president of Volunteer Canada to explain Ms. Wernick's testimony, namely that Volunteer Canada had been considered, she was unable to explain how Volunteer Canada could have possibly been considered when it was never even contacted. How do you explain that?

The Chair: That will be the last question.

Ms. Michelle Kovacevic: All those companies and organizations I mentioned in my opening statement were all part of the broad ideas we were considering leading up to the April 22 announcement and decision by the government to, at a very high level—

Mr. Michael Cooper: But the only organization you really wanted to talk to was WE.

The Chair: Mr. Cooper, the ADM has the floor.

Go ahead, Ms. Kovacevic.

Ms. Michelle Kovacevic: Thank you.

Leading up to the April 22 announcement, in fact, the Department of Finance had not contacted any of those organizations, including WE. The officials had not contacted any of them.

Mr. Michael Cooper: And they never did call Volunteer Canada.

The Chair: You're out of time, Mr. Cooper.

We'll go to Mr. Fragiskatos. Then I'm not sure whether it's going to be Mr. Morantz or Mr. Cumming. They will let me know when we get there. We'll conclude with Ms. Koutrakis.

Peter.

Mr. Peter Fragiskatos: Thank you, Mr. Chair.

Ms. Kovacevic, thank you for being here and for your outstanding work in this entire experience. You and so many other public servants have really gone to bat for the entire country, I'm sure spending a lot of time away from loved ones, from family members specifically and others as well, so thank you for your contributions.

My question relates to contribution agreements that go ahead. We've heard at the committee before that WE had quite an extensive network connected to 7,000 schools, connected to 2.4 million students. One of the reasons they were chosen was because of that extensive reach they had. We've worked as a government as well with the United Way, with Food Banks Canada, always on a premise, it seems, that the network and reach of a particular entity qualifies it to take the lead in a contribution agreement.

Is that in fact the case in your experience? Are you in a position to speak to that? Is that one of the key criteria, the ability of an organization to reach many different entities and help the government deliver vital programming and services?

• (1605)

Ms. Michelle Kovacevic: That's a pretty broad question. Thank you for it.

I'm not sure I can generalize. In some cases, that may be the case, but what I can say with respect to the decision by the government to enter into a contribution agreement with WE is that in fact the capacity to reach students wherever they were in Canada was certainly foremost in our mind, being able to ramp up quickly, being able to support not just students, because you know, volunteer matching isn't a hot dog stand outside a hockey arena but needs to be structured and you need to be supportive, but also the not-for-profit and charity sector who would be offering volunteer placements, who themselves were in the middle of a pandemic, many of them facing financial issues.

More importantly, what a typical volunteer experience was, given the social distancing scenario in the middle of the pandemic, made the whole thing very precarious. There were not a lot of organizations, quite frankly, in our estimation, that could cough up all these criteria and all these skills in the short order and the enormously aggressive timeline in which we were working.

Mr. Peter Fragiskatos: Was there an organization that was comparable, or did WE have the type of reach that just set it aside as the organization? I mean, as I said before, the numbers we've heard are almost two and a half million students, 7,000 schools. Was there another organization that rivalled that at all, or did WE really have that ability unique unto itself?

Ms. Michelle Kovacevic: To my knowledge, I don't think I can answer that, because I'm not an expert in social policy necessarily. I'm in the Department of Finance. However, from what we understood from our colleagues at ESDC, they were the best placed, giv-

en everything that was to be expected and the ambition of the government.

The Chair: Peter, this is your last question.

Mr. Peter Fragiskatos: I've asked this question before, but I think it's worth raising one more time.

When the consideration was being taken as to who could best deliver the Canada student service grant, some have posed that the Canada service corps should have been chosen.

Why not the Canada service corps? What was it about them that prevented that option from going ahead?

Ms. Michelle Kovacevic: In fact, the records will show that the Canada service corps was in fact the place where ESDC started. They actually submitted a proposal to us to ramp up its capacity to offer microgrants. In fact, there was one initial proposal where they ramped up to 7,000 microgrants, and there will be a record of me saying that was too modest. Then they came back with the second proposal of 15,000 microgrants.

I know ESDC also looked at the administrator Taking IT Global to see if it had two-factor authentication, if it had sophisticated ways to volunteer match and whether in partnership with the ESDC this was something we could leverage. In the end, the capacity obviously was funded for Canada service corps, but that was sort of the maximum, and the ambition and the need was still greater than what the Canada service corps, in our estimation and in ESDC's estimation, could deliver.

Mr. Peter Fragiskatos: Thank you.

The Chair: Okay, thank you both.

Mr. Cumming, who are we going to from the Conservative camp, you or Mr. Morantz?

Mr. James Cumming: You're going to me. Thank you.

The Chair: That's good.

Mr. James Cumming: Thank you, Mr. Chair.

When you started to get into your more detailed discussions about WE, it sounds like it was on or around the 20th or 22nd, and you said you were looking at capacities. Who was looking at the capacity of this organization, their financial capacity, their ability to deliver, more than just statements from them about their reach? Reach could be Facebook likes. It could be their social media exposure, but that doesn't necessarily deal with capacity.

Who was looking at their actual physical capacity, because it sounds like they had to hire a raft of people before the contribution agreement was even signed and they've since had to lay them off. Was that your department or was that ESDC?

Ms. Michelle Kovacevic: That is not my department. You will recall that leading up to the Prime Minister's announcement, there was no decision on a third party administer, so any discussion with WE was potential. Can you do social mobilization? Can you do a public awareness campaign? Can you be a partner in volunteer matching?

As the high-level announcement for up to \$900 million was made on the 22nd, effectively the baton got tossed from finance department to ESDC, and it was now ESDC that was responsible to develop a proposal for consideration of cabinet on how to meet the criteria for the Canada student service grant.

The further questions you have asked would be carried out on the latter end, as opposed to the front end when it was more policy elucidation and deliberation. What we were really trying to do was to make sure there were credible organizations—not just WE, anything—so that when the Prime Minister announced the Canada student service grant, we could respond with assuredness to say, there are options that we can deliver on. Whatever those options may be, ESDC will have to elucidate and determine and recommend, but there will be options to deliver these grants to the students who need them within weeks.

The ambition of the government was initially for a May launch.

• (1610)

Mr. James Cumming: I understand all that, but it strikes me it's Finance. You're sending out a \$900-million program. Surely someone in your department.... If you're going to sign a contribution agreement, even if it's ESDC, who takes responsibility to make sure the organization you're going to sign the contribution agreement with has the financial wherewithal, the proper governance, everything you would expect when taking public sector dollars to execute the program. There must be somebody, whether it's ESDC, but surely Finance must have a role in that.

Ms. Michelle Kovacevic: I was just going to say that, again, I repeat that there was no recommendation on who was to deliver up to the 22nd when the funding decision of the government was made. After that it really is up to the Department of ESDC to negotiate the contribution agreement and all the trappings that come with it in terms of being satisfied that everything is in order.

The Chair: This is your last question, James.

Mr. James Cumming: If this was within your department.... Let's say that you were the approving department. In the process that you go through in the administration, would you delve into capacity, financial capacity, governance? What level of due diligence would you do within your department if you were charged with it?

Ms. Michelle Kovacevic: I can't speculate on what I would have done or what I might do, but I certainly—

Mr. James Cumming: What would be your normal practice for this size of an agreement?

Ms. Michelle Kovacevic: I imagine it would be very similar to the practice that my colleagues over at ESDC exercised. There are terms and conditions that guide entering into contribution agreements, and we would follow them in the same fashion.

The Chair: Ms. Kourakis, you'll have to wrap it up.

Ms. Annie Kourakis: Thank you, Mr. Chair.

Thank you for your testimony, Ms. Kovacevic, and for appearing before the finance committee today.

I also want to add my voice to thank you for the great work that you and your department have done. With all the work that you have done, we have helped millions of Canadians and hundreds of thousands of Canadian businesses. We've helped our economy from a deep recession and possibly worse than a recession in an incredibly short time.

You probably have said this before but I think it's worth mentioning again, so I will raise it again.

Could you please walk us through the process of how typically the various programs arising from the pandemic, making up the Canada emergency response plan program, were put together and brought through the idea generation, analysis and decision-making processes? In cases of working with third parties such as WE, was the process significantly different, and if it was, why and how?

Ms. Michelle Kovacevic: Thank you for the question.

I guess I would start by saying the Department of Finance and I.... In the current situation that we're describing, I'm not involved. The Department of Finance is not involved in negotiating an agreement, and we were not involved in negotiating an agreement with WE Charity. Those questions are for ESDC and not for Finance.

In terms of the process—thank you for that question—this has been, wow, a whirlwind over the last couple of months, in terms of the number of programs we've put in place. As assistant deputy minister for social policy, I have been involved in the CERB, in the student package, persons with disabilities, indigenous peoples, essential workers and wage top-ups. It's been very, very busy.

Given the time, given the unprecedented circumstances Canada and the world have found themselves in, it is not unusual—and it was not even unusual before COVID times—for there to be upstream policy deliberations. When the government says, "We want to do something," or "We have money," or there's a real need when people need something, we work with ESDC and with my minister's office: What are the real needs? Who should we talk to? What can we put in place?

Quite frankly, almost everything in my purview, in the social policy realm, kind of worked that way. There was a massive number of discussions, emails and ideas, fecund ideas, rolling off the tongue, trying to land on what ultimately would be the best program, service or support to put in place to help Canadians who needed it during the pandemic.

• (1615)

Ms. Annie Kourakis: How would you say you and your department were feeling during these times? I know for many of us—I can only speak for myself—these are unprecedented times. This is the first time that I've had to primarily work from home. It's been quite stressful. We all have families. We need to be careful and take care of our own health.

What would you say was the environment? How is the morale of your department and other departments that were working on this to make sure that we delivered the programs that Canadians look to us for, especially the youth?

Ms. Michelle Kovacevic: Thank you for that question.

I can't speculate on how other people in other departments were feeling, but we are the public service. We stand here to execute the will of the government and to help Canadians who need help. We do it proudly and we do it fairly. We provide our advice independently, but right now I would tell you I'm tired.

The Chair: Okay, we will have to end it with that. Thank you, Ms. Kourakis.

We're starting to run up against giving parliamentary staff time to clean the room before the next panel starts.

I should mention to the committee, before we release Ms. Kovacevic, the Prime Minister has accepted the invitation to appear at the finance committee. Arrangements will be made regarding the date and time. I think we asked him for July 28, but I'm sure we'd all be in agreement that, given his schedule, the clerk will have to negotiate a time and place. We will still be meeting on July 28, as there are already witnesses scheduled for that day. That's for the committee's invitation.

Mr. Charlie Angus: I have a point of order, Mr. Chair. Just quickly, I'm wondering.... We have representatives from WE coming next week. We're talking about the agreement, but we don't really know what it looks like.

Is it possible we could get the contribution agreement so we're more efficient when we meet? It's hard to talk about something unless you know exactly what the terms are.

The Chair: We can certainly make a request to the Clerk of the Privy Council. He was at the meeting the other day, and I think he said he would provide that to us. I will ask the clerk to quickly draft a little note to the Clerk of the Privy Council to see if we can get that contribution agreement before WE appears.

Mr. Charlie Angus: Thank you.

The Chair: We'll ask the clerk on behalf of the committee to do that.

Ms. Kovacevic, I think you said it right. You said it's been a whirlwind three months, and we've said it numerous times in this committee. I know today's hearing, and these hearings, sometimes don't look appreciative of the work that you all do, but I want to tell you that we are very appreciative—as Canadians, as members of Parliament—of the work that the public service does. We always run into snags in the road, but that goes with the process.

On behalf of the committee, I sincerely want to thank you for appearing here today, but even more so you and your colleagues for all of the work that you've done, and the long hours you've put in, the time away from family, different working conditions, etc., that you folks have faced in order to put out programming to benefit Canadians and Canadian businesses. We want to thank you for that, and your colleagues as well.

• (1620)

Ms. Michelle Kovacevic: Thank you.

The Chair: You're welcome, and do take care.

With that, we will adjourn the meeting and we'll see everyone on Tuesday. We'll send that note to the clerk.

Thanks, all of you. The meeting is adjourned.

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