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Chair: Mrs. Kelly Block



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• (1105)

[English]

The Chair (Mrs. Kelly Block (Carlton Trail—Eagle Creek, CPC)): I call this meeting to order and once again welcome Ms. Vignola, who is joining us in place of her colleague.

Welcome to meeting number 35 of the Standing Committee on Public Accounts. The committee is meeting in public today for the first hour, which will be televised, and will move in camera for the second hour to discuss committee business.

Pursuant to Standing Order 108(3)(g), the committee is meeting today to receive a briefing from the Auditor General concerning the reports that were tabled in the House on Thursday, May 26, 2021, which were referred to this committee.

Today's meeting is taking place in a hybrid format pursuant to the House order of January 25, 2021. Therefore, members may be attending in person in the room or remotely, by using the Zoom application. It would appear that we are all attending virtually today.

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

Again, should any technical challenges arise, please do advise the chair. Note that we may need to suspend for a few minutes in that case, as we want to ensure all members are able to fully participate.

I'd now like to welcome our witnesses.

Joining us today from the Office of the Auditor General are Karen Hogan, Auditor General of Canada; Glenn Wheeler, principal; and Jean Goulet, principal.

Welcome.

I will turn the floor over to Ms. Hogan.

[Translation]

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

I am pleased to discuss our audit reports, which were tabled in the House of Commons on May 26.

I am accompanied by Jean Goulet and Glenn Wheeler, the principals who were responsible for the audits.

[English]

The first of the audit reports considers how the government acquired protective and medical equipment during the pandemic. The second looks at how Indigenous Services Canada provided the protective equipment and health care workers that indigenous communities and organizations needed to respond to COVID-19.

Both audits showed that there were issues in planning and stockpile management before the pandemic. For example, in our audit on procuring personal protective equipment and medical devices, we found that before the pandemic, the Public Health Agency of Canada had not addressed long-standing and known issues with the systems and practices used to manage and operate the national emergency strategic stockpile.

[Translation]

The Agency knew of these issues because they had been raised in audits and reviews going back more than a decade. As a result, the Public Health Agency of Canada was not as prepared as it should have been to deal with the surge in requests for equipment from the provinces and territories triggered by the COVID-19 pandemic.

In our other audit, we found that Indigenous Services Canada had not followed its own approach to procure sufficient equipment. As a result, it did not have enough of some types of protective equipment in its stockpile when the pandemic broke out.

However, both these audits also showed agility and responsiveness.

[English]

Overall, the Public Health Agency of Canada, Health Canada and Public Services and Procurement Canada helped address the needs of provincial and territorial governments for personal protective equipment and medical devices. Indigenous Services Canada did the same for indigenous communities and organizations. Faced with a crisis, these organizations worked around their outstanding issues with the management and oversight of the emergency equipment stockpiles and adapted their activities.

For example, during the pandemic, the Public Health Agency of Canada improved how it assessed needs and allocated equipment to help meet the demand for personal protective equipment and medical devices from the provinces and territories. It also outsourced much of the warehousing and logistical support needed to deal with the exceptional volume of purchased equipment.

[*Translation*]

Similarly, Health Canada reacted to the increased demand created by the pandemic by modifying its management of license applications from suppliers for personal protective equipment and medical devices.

Public Services and Procurement Canada also made adjustments by accepting some risks to facilitate the quick purchase of large quantities of equipment in a highly competitive market where supply was not always keeping pace with demand.

If the departments had not adapted their approaches to the circumstances, it is likely that the government would not have been able to acquire the volume of equipment that was needed.

• (1110)

[*English*]

Indigenous Services Canada also adapted quickly to respond to the pandemic and relied on the national emergency strategic stockpile to fill pre-existing shortages of items in its own stockpile, such as gloves and hand sanitizers.

The department supplied indigenous communities and organizations when provinces and territories were unable to provide them with personal protective equipment. The department also expanded access to its stockpile beyond those directly supporting the delivery of health services to include police officers and people in communities who were sick with COVID-19 or caring for sick family members.

[*Translation*]

Indigenous Services Canada also streamlined its processes for hiring nurses in remote or isolated First Nations communities and made its contract nurses and paramedics available to all indigenous communities to respond to additional health care needs due to COVID-19. While the department took steps to increase capacity, the number of requests for extra nurses and paramedics also increased. As a result, the department was unable to meet more than half of the 963 requests for extra nurses and paramedics that it received between March 2020 and March 2021.

Our audits of the government's pandemic response continue to show that when the people who make up the federal public service are faced with a crisis, they are able to rally and focus on serving the needs of Canadians.

However, these audits also show that issues forgotten or left unaddressed have a way of coming back, typically at the worst possible time.

[*English*]

Canada was not as well prepared to face the pandemic as it would have been if the stockpile of emergency equipment had been better

managed and if a long-term solution had been put in place for health care workers, such as nurses, in indigenous communities.

If there is one overall lesson to learn from this pandemic, it is that government departments need to take action to resolve long-standing issues and to see the value in being better prepared for a rainy day.

Madam Chair, this concludes my opening remarks. We are pleased to answer questions.

Thank you.

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

Colleagues, before I turn to the questioning, I have received the speaking order we normally follow during our meetings. However, in the past we have taken an approach whereby we open it up to those who have questions and perhaps get the opportunity to have a three-minute round. I look to you for your guidance. As I said, I have the speaking order. We would have enough time for the first four rounds of questions, according to the speaking order.

Is it the will of the committee to follow a speaking order this morning? I'm seeing yes.

We will follow our speaking order then, starting with Mr. Berthold for six minutes.

[*Translation*]

Mr. Luc Berthold (Mégantic—L'Érable, CPC): Thank you very much, Madam Chair.

Good morning and welcome, Ms. Hogan. My thanks to you and to the members of your staff for joining us again.

Ms. Hogan, I will focus on some of the things you said in your presentation. You said that the Public Health Agency of Canada was definitely aware of the issues, as they had previously been raised in audits and reviews over the past decade. The same is true for Indigenous Services Canada.

Don't you think you had a unique opportunity to demonstrate the importance of the reports of the various auditors general over the years, and the negative effects that are generated when agencies, departments and services do not follow those recommendations? It seems to me that you either did not make that point in the report you presented, or that you did so timidly.

Ms. Karen Hogan: I am certainly concerned about that. These days, it seems like every report that I submit is about issues that have been around for a long time and that the government has not addressed. In our reports related to the pandemic, I have tried to strike a balance to show that the public service was taking action and responding to the needs of Canadians.

That said, you are absolutely right. My message is very similar to the one I delivered when I tabled my report on pandemic preparedness in March. To me, it shows that the government must now recognize the need to invest in things that we don't see.

• (1115)

Mr. Luc Berthold: Exactly, we must invest in things that we don't see, but that we absolutely must have in hand.

What I would have liked to see in your report is the consequences for not following the recommendations. I'm sure you can tell me why this was not included. There were delays and the Public Health Agency of Canada was not sufficiently prepared, despite repeated warnings. But what was the real impact on Canadians? Unfortunately, this is not described very well in the report I have before me.

Ms. Karen Hogan: It is difficult to demonstrate the impact in some areas. We don't know whether the response would have been different if the government had been better prepared.

I can confirm that the requests for personal protective equipment made from February until mid-March, before the government looked at mass procurement, were difficult to meet. A fraction of those requests were met. It was very difficult to determine what was missing from the national emergency strategic stockpile, because they had never established a minimum quantity of pandemic supplies. So we focused on the continuing improvement of the response.

Mr. Luc Berthold: Were you able to determine the number of requests that were not met?

Ms. Karen Hogan: Perhaps I'll ask Mr. Goulet to add some detail. I know that we have determined the percentage of requests that were met. For example, at the beginning of the pandemic, in February, one province requested over 500,000 masks, and I believe they received between 4% and 10% of the masks requested. So we put a number on some of the shortfalls, but it was impossible to determine an overall percentage.

Mr. Goulet, do you want to add anything?

Mr. Jean Goulet (Principal, Office of the Auditor General): We have specific numbers on the requests that were made by the provinces and territories and on what the Public Health Agency of Canada provided at that time. I can provide you with those numbers.

Having said that, the percentage that Ms. Hogan provided is good. The Agency's response rate to requests is between 6% to 10%.

Mr. Luc Berthold: I would really like you to provide us with this information. I think it's very important.

Ms. Hogan, you'll understand that our mandate at the Standing Committee on Public Accounts is to study your reports and recommendations. It is really starting to get my back up, to see that long-standing requests and recommendations are being given so little consideration.

As I mentioned at the outset, when it comes to exceptional situations, public servants are indeed exceptional in their ability to react. However, why is this capacity not as evident when there is no cri-

sis? Always waiting until there is a crisis to react has created problematic situations.

So I would like to get this information on the government's response to requests as quickly as possible.

Ms. Hogan, I don't know if you intend to go any further, but I could have said the same thing about Indigenous Services Canada.

I think it's important to illustrate that your recommendations are helpful. The current situation clearly shows the need for departments to follow some, if not all, of your recommendations.

Ms. Karen Hogan: Thank you very much for your comments. Yes, we will provide you with that information.

We tried something different in these two audits: we did a real-time audit. We found shortcomings, and that certainly caused a slower response from the government. However, rather than waiting until the end of the crisis to comment on what happened, we wanted to try to influence the government's response to the ever-changing pandemic. We felt it was value-added for the country and for Canadians.

• (1120)

[English]

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

We will now move to Ms. Yip for six minutes.

Ms. Jean Yip (Scarborough—Agincourt, Lib.): Thank you, Madam Chair.

I would like to thank the public servants and the department for their excellent work and their agility in being able to handle some of the quick movements that were needed to fulfill some of the PPE issues. I think it's important to note that.

I'll go back to the real-time audits, and this is for Ms. Hogan. What was the advantage of doing these audits in real time?

Ms. Karen Hogan: There are advantages and disadvantages to doing real-time audits. One of the disadvantages is that individuals are very busy still trying to respond to the pandemic. Hence, we do need to make some difficult decisions about scoping and how far we dig on some issues. The biggest advantage in such an approach to auditing is being able to have a direct influence and impact on the ever-evolving response to the pandemic.

For example, we were able to make some recommendations to Public Services and Procurement Canada about adjusting some of their approaches and some of the risks they were taking in bulk procurement to hopefully influence and improve the response going forward. As we know, we're in wave three. There is speculation that more waves are to come. If we could help influence the response, we wanted to take advantage of that.

Ms. Jean Yip: It's important to be able to react faster and make improvements.

Other than the stockpiling issues, what are some of the long-standing issues that could have been taken care of to be better prepared for the next pandemic?

Ms. Karen Hogan: I'll try to answer that by talking about some of the long-standing issues in the two reports.

I'll start with the first audit. In it, we looked at the Public Health Agency of Canada's management of the national emergency strategic stockpile and its response to the pandemic going forward. There were a few things I would highlight.

One would be making an assessment of a standard or basic level of certain types of equipment to be maintained in the stockpile to deal with a health crisis in the future. Another is fixing the IT system that supports that stockpile. We saw many weaknesses in not being able to track expiry dates and issues in even identifying what was in the stockpile. It's really about taking the time to do all of that in between crises instead of doing it in reactive mode and really not fixing those long-standing issues and just finding a better response in the context of the current environment.

That would be that first report.

If I turn to the Indigenous Services Canada report, I would highlight the fact that there have been long-standing difficulties in trying to secure skilled health care workers in indigenous communities. A solution needs to be found there, because the pandemic just made a bad situation worse.

Ms. Jean Yip: Why do you feel that some of the lessons from SARS and H1N1—the swine flu—maybe hadn't been learned and retained and used as a base in order to prepare for this pandemic?

Ms. Karen Hogan: I would point to two items I've noticed in this series of audits. When we looked at pandemic preparedness, I might have pointed to other matters, but here I would talk about the drive of short-term thinking, of dealing with the current things on the table versus that long-term view and, as I mentioned in my opening remarks, really planning for a rainy day. I think that's a natural tension between Parliament and government. We need to recognize that the federal public service has to always make sure that they keep their eye on the long-term thinking and do all that behind-the-scenes work.

The second thing I would point to here is that in reviewing internal documents and also in talking to officials, we found that the Public Health Agency cited budget constraints and limitations that limited their ability to deal with some of these issues and also to restock the stockpile when it had been used.

Ms. Jean Yip: On the topic of oversight of third party warehousing and logistics, it stated that one of the reasons third party service providers were sometimes unable to fulfill their contractual obligations was incomplete information from suppliers. How does your recommendation address this?

• (1125)

Ms. Karen Hogan: We did provide a recommendation there about how enforcing the terms of contracts is essential. The federal public service spends a lot of time making sure that there are good clauses in the contracts; enforcing them is essential.

Here, the third party warehouses didn't always have accurate information from the suppliers and hence couldn't document what was in the inventory and what was being received and shipped, but there were also limitations in the Public Health Agency's inventory management system that contributed to the ongoing inability to have a complete record over the pandemic.

It's about enforcing those rules, but it's also about making sure that you have an IT system that supports a really important program. In this case, it's the national emergency strategic stockpile.

Ms. Jean Yip: In your opening remarks, there was also a reference to Public Services and Procurement Canada making adjustments by accepting some risk to facilitate the quick purchase of large quantities of equipment in a highly competitive market where supply was not always keeping pace with demand.

What kinds of risks were deemed acceptable?

The Chair: Ms. Hogan, I would need this to be a very short answer, as we are already over time.

Ms. Karen Hogan: All right. I will do my best.

I would highlight just two things. One would be invoking the national security exception, which allows for non-competitive processes. The second would be accepting the risk of making advance payments in order to secure equipment to replenish the stockpile and deal with provinces' and territories' requests.

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

We will now go to Ms. Vignola for six minutes.

[*Translation*]

Mrs. Julie Vignola (Beauport—Limoilou, BQ): Thank you, Madam Chair.

Ms. Hogan, Canada has warehouses built to store equipment should the provinces and territories need it. A few weeks before the pandemic began, thousands of apparently expired masks were thrown away.

To your knowledge, does Canada have a schedule or system for tracking equipment, as any company does if they don't want to throw their money out the window or into the landfill?

In its procurement strategy, has Canada found ways to ensure that, in the future, it won't be dependent on foreign countries to meet its needs?

Ms. Karen Hogan: You raise one of the shortcomings we found in our audit, that the electronic inventory management system for the national emergency strategic stockpile was not effective. The government could not track the expiry dates of certain equipment stored in the Reserve Force and was therefore unable to act if necessary.

We recommend that the government put in place a comprehensive process to better manage the reserves, and that requires technology that provides data to make good decisions. We could not find out why the government did what it did, but we know that there was some very important data missing.

We found that, during the pandemic, the government tried to use Canadian suppliers, but that there was a lack of personal protective equipment suppliers in Canada. We didn't really look at how the government had expanded that market. As I mentioned on the day I tabled my report, this is something I will look into in the future, as it will help us determine whether Canada has positioned itself well and is better prepared for a future crisis by ensuring that we have Canadian suppliers.

Mrs. Julie Vignola: Thank you.

On January 30, the WHO announced the health emergency represented by the coronavirus. In early March, the WHO declared a shortage of medical equipment.

What preventive measures did Canada take between January 30 and early March?

Ms. Karen Hogan: Between January 30 and early March, the provinces and territories began making requests for equipment. As I mentioned in an earlier answer, the government attempted to meet these needs, but could not meet them fully.

In early March, the government began a transition to mass procurement. Public Services and Procurement Canada created a procurement team to support this initiative. After March, work continued on how to best assess needs and make the necessary equipment purchases.

The process was very reactive initially, as the government was just trying to get equipment to meet the needs.

• (1130)

Mrs. Julie Vignola: Canada sent tons of medical equipment to China to help it in its own fight against the coronavirus. Isn't it strange that Canada would send equipment to the country that succeeded and continues to succeed in supplying equipment to the entire world?

Ms. Karen Hogan: We haven't really looked at what the government has done for humanitarian purposes. However, I pointed out in my March report that the government did not have the necessary tools to more accurately determine the risk that COVID-19 posed to our country. Perhaps that explains the initiatives it has taken. In any event, we didn't look at the humanitarian initiatives that were taken until it was felt that there was a need to change the approach to a Canadian-centred approach. For our part, we did audit the Canadian approach to personal protective equipment.

Mrs. Julie Vignola: Thank you.

The diagram in exhibit 10.2 shows me that the Public Health Agency of Canada is responsible for assessing the needs referred to it by the provinces and territories and authorizing the equipment and the suppliers.

Would PHAC have determined that the provinces and territories did not need as much equipment as they were requesting and, on

that basis, reduced or denied the requested quantity? I suspect they didn't, I'm quite sure of that, but did it have the authority to do so?

Ms. Karen Hogan: We found at the beginning of the pandemic that there was a lot of confusion. There was a lack of information at the federal level about exactly what the provinces and territories needed and what they had in their own stockpiles. Each province or territory must use its own stockpile before applying to the national emergency strategic stockpile. We have seen change and collaboration during the pandemic, but at the beginning there really was a lack of information.

Yes, the agency had the authority not to respond to these requests. However, the reason it did not respond to all requests was because it didn't have the equipment requested, not because it had the authority not to respond to the requests.

Mrs. Julie Vignola: In short, to be 100% assured of receiving the necessary equipment, the provinces and territories could just as easily have acted independently and made their own decisions. Is that correct?

Ms. Karen Hogan: Madam Chair seems to be indicating that I have to answer quickly.

Each province or territory has its own stockpile and should use it to try to meet its needs. When there is a very high demand that the provinces and territories can't meet, they must turn to the national emergency strategic stockpile. Then, it's a collaborative effort. If the reserve can't meet their needs, they can ask for support from other provinces.

Mrs. Julie Vignola: Okay.

Thank you very much.

[English]

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

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

Mr. Matthew Green (Hamilton Centre, NDP): Thank you.

I'm certainly happy, and I know the residents of Hamilton Centre are happy, that we're having this discussion about the national emergency strategic stockpile. It's something that I've been on for quite some time, both at this committee and at the government operations committee.

I want to pick up where Ms. Yip left off with some really good questions about post-SARS. Everything I know about this tells me that we've known a pandemic was a possibility, so we created an organization called the national emergency strategic stockpile, yet we've heard testimony today that the planning was driven by short-term thinking with possible implications in and around the budget.

Through you, Madam Chair, to Ms. Hogan, whose short-term thinking? Who would have been responsible to make the decisions and the recommendations to put forward to the minister, and likely cabinet, that resulted in the shuttering of three out of our nine national emergency strategic stockpiles?

Ms. Karen Hogan: In my reference to short-term thinking, I look at all the work that we've done so far on the COVID response. I look at the response in the pandemic report that I issued in May as well as in this report here, and I see that many of the responses were reactive when dealing with H1N1 and SARS. We know there are things that need to be addressed as a government, but then we deal with the next crisis instead of planning for that rainy day.

I believe there are oversight committees and departmental audit committees within the entities, the departments themselves and the deputy ministers. There is also the tension that comes with the need to invest in things that people see versus the things that we don't see. It's a tension between the political world and the federal public service that I think also pushes some of that short-term thinking.

I believe that as a whole country, municipal, provincial, and federal governments need to recognize and learn from this pandemic. We have to sit down together and coordinate a better response for the next crisis.

• (1135)

Mr. Matthew Green: We did that. We did that post-SARS. If I recall, Dr. Tam was one of the authors of some of the original SARS responses and actually planned for... At some point in time along the way, somebody made the decision to have nine national emergency strategic stockpiles—the key word is “emergency”—based on our experience with H1N1 and SARS, and that they would have some kind of national standard, and this is where I get really caught up. In the audit, we hear that there was a lack of data, a lack of information and a lack of systems.

In your review of internal documents, did you come to a finding that presented a national standard for the supply levels for each of the products that would be stored in the national emergency strategic stockpile?

Ms. Karen Hogan: No, we were unable to locate an assessment about that. We have been unable to find a national or even an international standard on basic levels that should be in stockpiles. It's fuelled by so many inputs. You need to understand your population. You need to understand what type of medical response might be struck up to deal with an emergency. For example, in the current crisis, N95 masks were very important because the virus was airborne. In the next crisis, it might be a different piece of equipment. It really is about ensuring that you have some equipment and then the flexibility to increase access.

Mr. Matthew Green: With regard to that point, somewhere along the way, somebody had the wisdom to purchase millions of N95 masks. They knew that SARS and H1N1 were also airborne. We had, in Regina, two million N95 masks thrown out. We know that there were two other warehouses shuttered.

In your review of internal documents, did you come to a finding that there was a consistent supply of products in each warehouse? For example, if it is true that there were two million N95 masks that were expired in Regina, is it safe to assume that there were also two million in the other two locations?

Ms. Karen Hogan: Unfortunately, I can't comment on what would have been in the provincial and territorial stockpiles.

Mr. Matthew Green: No, I mean the federal one.

Ms. Karen Hogan: Okay.

Mr. Matthew Green: We had nine national emergency stockpiles. Somebody made the decision to shutter three of them to save a couple of hundred thousand dollars.

Ms. Karen Hogan: There were nine warehouses—

Mr. Matthew Green: In shuttering three, if two million were thrown away in Regina, logic tells me that there is a likely scenario in which there were two million in the other locations that were also expired and thrown out.

Ms. Karen Hogan: There were nine warehouses that housed all of the equipment in the stockpile. I'm not sure that you can make the analogy that there were two million masks in each of the nine locations. There were nine warehouses that stored all of the equipment in the stockpile.

As I mentioned earlier, the data in the system was too weak for us to be able to come to some of those findings. There were no expiry dates—

Mr. Matthew Green: Just to be clear, my understanding is that these national emergency strategic stockpiles were distributed across the country to have regional distribution to all the different provinces, so logic would tell me that each one of these warehouses would have contained the appropriate population density to which all the products listed in the stockpile would be distributed. It's not like you would have N95 masks in Regina and then gloves in Montreal or something like that. Logistically, that wouldn't make any sense.

Ms. Karen Hogan: I'm not sure that I actually looked at the logistics of how they were distributed. Maybe Jean Goulet can add to some of that, but it really wasn't our focus. Our focus was on whether the stockpile was ready to respond and then on how the government responded, and how we can influence and adapt that going forward.

• (1140)

Mr. Matthew Green: Can I request that this information come to us in writing, please? Can I request that any analysis in the audit on any of the findings in the internal documents related to the distribution come back to the committee in writing?

The Chair: Absolutely.

You have received that request, and we look forward to receiving it.

We will now go to our next round of questioning, starting with Mr. Lawrence for five minutes.

Mr. Philip Lawrence (Northumberland—Peterborough South, CPC): Thank you, Ms. Hogan, and thank you for your continued excellent work.

As you might have suspected, based on the earlier questioning, I'm going to continue where Matthew Green left off. I think I know the answers, but I want it clarified on the record. I'm going to ask about N95 masks specifically, because it is a representative case, and it was particularly important during this crisis, as you said.

As of January 1, 2020, did the government know how many N95 masks it had?

Ms. Karen Hogan: I'm going to ask Jean to add some of this granular level of detail that I'm not sure I have stored in my head. I'm going to see if Jean can answer that one.

Mr. Jean Goulet: The agency came back to us and said, yes, they knew, but in looking at the data and doing our analysis, there was no way we could rely on the information that was provided to us by the agency.

What we can tell you is that there was a large request for N95 masks that came before bulk purchasing was implemented. I can tell you the numbers and I can tell you how many were shipped. The numbers coming in from the provinces and territories were about 3.2 million, and what was actually shipped was 130,000. This gives you the magnitude of what the needs were from provinces and the capability of the agency to reply to those needs.

Mr. Philip Lawrence: Thank you for the excellent information. I'm sorry, but just to clarify that, 130,000 N95 masks were shipped to provinces from when to when?

Mr. Jean Goulet: That was prior to the implementation or just after the implementation of bulk purchasing, so that's from February up until July and August.

Mr. Philip Lawrence: It was only 130,000. Again, what was the number that you said was the total amount requested?

Mr. Jean Goulet: It was around 3.2 million.

Mr. Philip Lawrence: Wow—less than 1%, if my math quickly holds up there.

Mr. Jean Goulet: It's 4%.

Mr. Philip Lawrence: It's 4%? Thank you. That's why you're in the Auditor General's office and I'm just a politician. I appreciate that.

To get back to the original point, the government did not know how many N95s they had—or at least it wasn't reliable data—in the stockpile as of January 1, 2020. That's your evidence, correct?

Mr. Jean Goulet: Our evidence is that the information that they were provided with could not be relied upon.

Mr. Philip Lawrence: My subsequent line of questioning I think is moot, but I'll still ask it just to get it on the record.

Of those N95 masks that would have been there, did the government have any type of tracking as to how many of them had expired?

Mr. Jean Goulet: There was tracking, but again, this is one of the areas where we found some deficiencies, so again we could not rely on that information.

Mr. Philip Lawrence: The government really—I'll use your language—did not have reliable information to tell them how many N95s they had and whether they were expiring, and they only shipped out 130,000, or 4% of the total provincial request. Is that correct?

Mr. Jean Goulet: That is correct, but remember again here that the mandate of the agency is to reply to a need from the provinces that exceeds their capability. It's what we call the “surge capability”.

Mr. Philip Lawrence: Okay.

The other thing I wanted to clarify is on the 130,000. It seems that this might have been how many they had, as logic indicates to me, but we don't know how many they should have had. There was no number out there as to what should have been the number of N95 masks prior to January 1, 2020. Is that correct?

Mr. Jean Goulet: Yes.

Ms. Karen Hogan: Yes, that's correct. That was one of the issues identified in the 2010 internal audit by the agency. They identified that they needed to do that assessment of what should be in the stockpile and that the assessment had not been done. The evidence we found was that it had not been done because of budget limitations, so that was why they hadn't addressed it, and then you have nothing to compare it to, right?

Mr. Philip Lawrence: No, for sure. You don't know where the threshold is. I hear you.

You've mentioned a couple of times that budgetary restrictions were a primary limiting factor in having the proper stocks of N95 masks. Were there any requests for additional funding for the stockpile from the various public services?

• (1145)

Ms. Karen Hogan: I'm going to have to turn to Jean again. I should have just let him keep going with the answers.

The Chair: Could we have a very short answer, Mr. Goulet?

Mr. Jean Goulet: We don't know if there's an exact number. Basically, what officials at the agency told us was that it was because of budget constraints.

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

We will now go to Mr. Longfield for five minutes.

Mr. Lloyd Longfield (Guelph, Lib.): Thank you, Madam Chair.

Thank you to Ms. Hogan and Mr. Goulet for being here to answer our questions today.

I was interested in a couple of areas. One was on nurses and paramedics and the hiring of staff for Indigenous Services Canada. In paragraph 11.55 in your report, you mention 77 nurses had been hired for the 51 remote communities prior to the pandemic and that 147 additional nurses and paramedics had been hired during COVID. It seems to me that we would be in really tough shape if we hadn't started hiring for remote communities before the pandemic hit.

I know retention is a problem. My wife and I have friends who had gone up to one of the remote nations to work in education. She did about a year of service there and then didn't renew her contract.

Turnover is part of it. I'm wondering how many of the 77 who were hired prior to the pandemic were still in place and whether we've got a net new hire there. I also know that in our community, the local long-term care facilities had a lot of trouble hiring during COVID. People were getting scooped by the hospital, where they got more money or different hours. Some of the long-term care facilities really had trouble keeping staff.

Did you look at turnover in your audit?

Ms. Karen Hogan: I will eventually turn to Glenn Wheeler and see if he can add something about net new hires.

What I can say is that the streamlining process Indigenous Services Canada applied during the pandemic to increase the number of nurses they could hire for those 51 remote communities where they're responsible for delivering health services was really effective. That's why we recommended they consider whether that should be a process going forward.

You're absolutely right that attraction and retention is a very long-standing issue in those communities. It's driven partially by a national shortage of nurses—as you've mentioned and alluded to, and as we saw, the pandemic made that worse—but also by the challenging nature of the work. Often the nursing stations are run by one or two individuals who have to deal with a complete host of issues along the spectrum of medical responses needed. Then there's the ever-present inadequate housing issue that we see in some of the remote and isolated communities, such that retention is complicated.

I don't know, Glen, if there's anything that you wanted to add about turnover and staffing.

Mr. Glenn Wheeler (Principal, Office of the Auditor General): Madam Chair, no, we did not do an assessment of the turnover rates for the 77. It would be fair to say that there was some turnover.

As the Auditor General mentioned, that's a long-standing issue that we've seen in many audits, going back over several years. It points to the importance—as we've said in other audits—of taking various steps to increase capacity, including trying to educate, recruit and retain folks from indigenous communities and from the north to take those positions. There is probably a greater likelihood that if you're from an indigenous community or from the north, you would be more likely to stay over the longer term.

To answer your question, we didn't look at turnover rates.

Mr. Lloyd Longfield: Right. They are building their own capacity within their own nations. Of course, the audit and COVID itself highlight the need for more work to be done.

During our audit discussions, inventory and data come up a lot. We had that on our Department of National Defence audit as well. I was really interested in the PPE report. Paragraph 10.50 was talking about using third party services—something I was familiar with back in my previous industrial career—whereby you'd have vendor-managed inventory. You would have guaranteed stock managed by a vendor of that stock. It would be held outside the warehouse, or maybe even inside the warehouse, and the vendor would manage the inventory in your warehouse. That's an interesting concept. It looks like that's something you came across in your audit that was being used as of September 2020.

Could you comment on the long-term impact of that type of strategy and maybe how it might impact other departments, like the defence department?

• (1150)

Ms. Karen Hogan: What we saw during the audit—and looking at the additional warehousing that was used in order to deal with the volume of mass purchasing that occurred—is that software was developed that would allow provinces and territories to have visibility on when personal protective equipment and medical devices were received in a warehouse and when they were ready to be shipped out to them. It was so they could track it better. However, those warehouses were still using Public Health Agency of Canada's inventory system, which continued to contribute to some of the long-standing issues.

What you're saying is absolutely an area that they could explore going forward. It's one they didn't explore when they were in a reactive mode, but afterwards they should think about it.

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

We will now go on to our next round of questioning, which is a two-and-a-half minute round, starting with Ms. Vignola.

[*Translation*]

Mrs. Julie Vignola: Thank you very much, Madam Chair.

I'll continue along the same lines as earlier.

We've talked about this briefly, but based on your findings, wouldn't it be more effective to replenish the national emergency strategic stockpile from local suppliers, rather than proactively managing the stockpile, so that it's replenished and disposed of through our health systems or our charities? Wouldn't it be more strategic to do so?

Ms. Karen Hogan: There are several options to better manage the reserve in the future.

During our audit, there was some management of the reserve. Subsequently, there seems to have been less of a focus on it, and more of a focus on bulk procurement and seeking third-party support for inventory management because of the volume. There really hasn't been any attempt to address the existing gaps. All we're seeing are reactive behaviours.

It is hard to say whether a system like the one you are suggesting should be used, but it is an analysis the government should do to be better prepared. Indeed, the use of local suppliers would allow for a more timely response.

Mrs. Julie Vignola: You said that the Public Health Agency of Canada was ill-prepared, but that it had taken reactive measures to deal with the situation.

Do you think that such measures could serve as a basis to something more permanent, or do you think instead that, after the crisis, we will automatically revert to a situation of improvisation and poor preparation?

Ms. Karen Hogan: Public Services and Procurement Canada's reaction was to accept more risk. There is a balance to be struck between risk management and the need to act quickly. The department did decide not to use certain processes in order to provide a faster response. It is also important to recognize that all procurement processes help to reduce risk, but never eliminate it completely. There is a balance to be struck between risk management and speed of response.

[English]

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

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

Mr. Matthew Green: Madam Chair, I think the members of this committee would agree that there have been startling revelations today, in particular the understanding that in 2019 this department, public health, threw out two million masks in Regina.

We know there were requests coming out of the province for 3.2 million masks, and yet the government was only able to respond with a little over 100,000 critical N95 masks for a disease that is respiratory and airborne in nature from February all the way until August, in the height of the first wave.

I heard talks of audit committees, systems that would have been set up for quality control. I'm going to go back to the original question. Who was responsible for these decisions, and who was responsible for the audits and the oversight?

• (1155)

Ms. Karen Hogan: In the case of the Public Health Agency of Canada, as we mentioned in our audit, we felt that governance was something that was lacking in order to ensure good follow-up from their 2010 internal audit.

An internal audit usually contains management responses. It is senior management. It's the deputy minister who is responsible and accountable for actions to be taken. There is an advisory role that the departmental audit committee plays in ensuring that action is taken. Hence, that's why we concluded that we felt governance needed to be improved, because no one had acted on action plans that they had committed to.

Mr. Matthew Green: That being said, I've asked this question to the minister responsible, I've asked this question to Dr. Tam, and now I'm going to put it to the Auditor General: At what point in time in the governance model, in this structure, would the cabinet have been briefed on these shortfalls and apprised that the funding was the issue that created this catastrophic failure in the NESS to begin with?

Ms. Karen Hogan: I'm not sure I can speak to exactly what would have happened back in 2010 and 2013—

Mr. Matthew Green: Sorry; this would have been 2019. The decision to close the NESS happened in 2019, under this Liberal government, and yet we can't seem to find out who made the decision.

Ms. Karen Hogan: I don't believe there was a decision to close the national emergency strategic stockpile. The decision was made to focus on being able to mobilize in a different way to respond to the surge in need—

Mr. Matthew Green: And the response, I think you would agree, was a 4% delivery rate on N95s at the height of a global pandemic. That's a catastrophic failure, would you not agree?

The Chair: Please answer very quickly, Madam Hogan.

Ms. Karen Hogan: I would agree that they didn't respond to the needs, and from that perspective the national emergency strategic stockpile was not ready to support a pandemic.

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

Colleagues, we have two and a half minutes left before we end this portion of our meeting. I would be happy to steal a few minutes from our committee meeting business if you would like to finish up the last round of questions. I'm seeing some thumbs up.

All right. The next round of questioning is a five-minute round, starting with a Conservative member. I do not have—

Mr. Philip Lawrence: Mr. Lawrence will start, please—a.k.a. Phil.

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

Mr. Philip Lawrence: I want to go back to the N95s.

We have established that the government didn't have reliable data with respect to how many they had and how many had expired. Do we have reliable information that tells us how many were thrown out in the first quarter of 2020? Do we have reliable numbers as to how many were given away, particularly to the Communist Chinese regime?

If you could kindly answer those questions, that would be fantastic.

Ms. Karen Hogan: I'm sadly going to have to turn to Jean again to probably answer this, but I'm going to guess that the answer will be no, we didn't have reliable data. It would all have been contained in the same system, following the same mechanisms and processes. If you can't have reliable data on what was there and what those expiry dates are, chances are you don't have it as well on ins and outs.

Jean, would you like to expand on that question?

Mr. Jean Goulet: To the best of our knowledge, we're not aware of masks being thrown out when the pandemic started, but, again, we don't really have reliable information to that effect.

With regard to masks or any type of other equipment going to China, we didn't really look at that for the reasons that Ms. Hogan explained earlier on.

Mr. Philip Lawrence: Okay.

I'm going to pass it over to my colleague Mr. Berthold, but before I do, I want to tell you that one of the reasons that I focused on this aspect is that someone who's close to me, a health care professional, who was working in an Ontario hospital, was asked to reuse N95s on the front line during COVID. This has very serious consequences, and we can never ever let this happen again.

It's over to you, Mr. Berthold.

• (1200)

[Translation]

Mr. Luc Berthold: Thank you—

[English]

Ms. Karen Hogan: If I may, Madam Chair, I agree with the member's comment. I too have family members who are frontline workers, and the country has to do better the next time around.

[Translation]

Mr. Luc Berthold: Thank you very much.

Ms. Hogan, I want to go back to what I said earlier about the importance of this report and the need to highlight failures, in a long-term perspective.

We were able to see that the machine could react in the short term and adapt, but it still took three months to get there. During those three months, public health authorities advised Canadians not to wear masks because they were not available. This had disastrous consequences for the health of Canadians. The Public Health Agency of Canada must recognize its share of responsibility for not following your recommendations.

Ms. Hogan, you saw that only 4% of the masks requested had been delivered. That is simply unacceptable. How can you send a clear message to the Public Health Agency of Canada and the departments so that we don't have this kind of failure in the future?

Ms. Karen Hogan: In my opinion, by having this discussion, we are sending the message that it is unacceptable not to address the deficiencies that we know exist.

We wanted the dialogue to really focus on improving ways of doing things, not on why things were as bad as they were and why the reserve was not ready. We could spend a lot of time talking about that, but mostly we want to make sure that the situation improves.

Mr. Luc Berthold: How can you ensure that emergency measures adopted in an emergency situation will have long-term effects? The measures that were adopted were designed to address urgent needs quickly. However, the structural problems still exist.

It's good to want to look at what has been done well as well, but we also need to ask how we can avoid making the same mistakes again. I don't feel that your report puts enough emphasis on this issue, which has been hard on Canadians.

Ms. Karen Hogan: Thank you for your comment on the report. We will certainly take it into account in our future reports.

In order to ensure that the same mistakes don't happen again, many individuals must make an effort. That includes parliamentary committees and deputy ministers. In addition, our office must continue to follow up. Finally, the various levels of government, including those of the provinces and territories, must sit down together to address all the issues that need to be resolved to better manage health across the country.

[English]

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

Our last questioner will be Mr. Sorbara. You have five minutes.

Mr. Francesco Sorbara (Vaughan—Woodbridge, Lib.): Thank you, Chair. You were saving me for last.

Good morning, everyone.

To the Auditor General, these reports were issued on May 26, to much scrutiny.

I want to first thank you and your team for the great work that you're doing. I want to refer to your opening remarks in paragraphs 6, 7 and 8, where you talk about the agility and responsiveness of the individuals who work for the federal government in the various departments.

I would like you and your team members to elaborate, please, on these two words of “agility and responsiveness”, because we faced a once-in-a-100-years pandemic and it required the muster of resources from across the federal government, from the Canada Revenue Agency to the various departments to PSPC. We see the vaccines that have arrived in Canada. We see Canadians being vaccinated, and for a statistical fact, almost 73% of the residents of the region I live in have actually received their first dose, so great work's being done by all levels of government, and there's lots of co-operation.

Going back to these two words of “agility and responsiveness”, can you comment on that, Auditor General, please?

Good morning to you, of course.

Ms. Karen Hogan: Thank you. I'll try to do it quickly and cover both reports, if I may.

With regard to the Public Health Agency of Canada and Public Services and Procurement Canada with Health Canada, the agility and responsiveness that we saw there I would outline in four ways.

There was a long-term national supply and demand model that was developed in order to determine the needs across the country. That model was then used to help inform bulk procurement and make it more accurate. We saw the Public Health Agency of Canada move to bulk procurement, which was led by Public Services and Procurement Canada. They took on some additional risk, but they were able to secure large amounts of equipment in a very competitive market where supply was often not keeping up with demand.

The third thing we saw was that the Public Health Agency of Canada outsourced a great deal of its warehousing and logistics in order to deal with this massive amount of volume, and they did that in a temporary way, because it is just surge capacity.

Finally, after the issues about managing who had what in which stockpile provincially and territorially, we saw the provinces and territories collaborate with the federal government on a scarce resource allocation strategy. There was the issue of deciding how would they equitably distribute what was received across the provinces and territories when the purchases were just not meeting the demand. All of that was evolving and continued to improve throughout the pandemic.

With regard to to Indigenous Services Canada, the responsiveness we saw there was that they were actually able to meet all of the personal protective equipment requests from indigenous communities. They too developed a tool—a calculator—to figure out how much every community might need, and they streamlined processes and increased the pipeline of workers. While it didn't meet the surge, they still were able to increase how many health care workers were in communities.

• (1205)

Mr. Francesco Sorbara: Thank you for that, Auditor General.

As we move forward, a lot of lessons will be learned for the potential next time. When you think about what you and your team witnessed, can you draw on one or two lessons from the various departments that you think will ensure that we have this same agility and responsiveness for Canadians?

Ms. Karen Hogan: I hope they recognize that being in a reactive mode is hard and difficult and isn't sustainable. Actually planning

and addressing long-standing issues is absolutely needed. As I mentioned earlier, it's important to invest in the things you just don't see. Whether it's an IT system that supports an important program or whether it's replenishing the stockpile with gloves and masks and determining how much should be there or whether it's addressing long-standing health-care issues in indigenous communities, I hope they realize the value in taking care of those things as we go forward, instead of always being in reactive mode.

We saw great collaboration, and I hope they continue to build on that with their provincial and territorial counterparts.

Mr. Francesco Sorbara: Thank you.

Chair, I am done.

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

I would like to thank our witnesses for joining us.

We will now move into the next portion of our meeting, and I would remind members that you have to log out of this public meeting and log in to the in camera meeting with the information that was sent to you in the same email as the information for this meeting.

[Proceedings continue in camera]

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