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# Standing Committee on Government Operations and Estimates

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Chair: Mr. Robert Kitchen





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• (1635)

[English]

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

Welcome to meeting number 34 of the House of Commons Standing Committee on Government Operations and Estimates. The committee is meeting today from 4:33 p.m. until 6:33 p.m. today to hear from the Minister of Public Services and Procurement Canada and officials on the subject matter of the main estimates 2021-22 and the departmental plan 2021-22.

During the last 30 minutes of the meeting, we will go in camera to consider our report on the Nuctech security equipment contract study.

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

To ensure an orderly meeting, I would like to outline the following. Interpretation in this video conference will work very much like a regular committee meeting. You have a choice at the bottom of your screen of floor, English or French. Before speaking, please wait until I recognize you by name. When you are ready to speak, you can click on the microphone icon to activate your mike. When you are not speaking, your mike should be on mute.

To raise a point of order during the meeting, committee members should ensure that their microphone is unmuted and say “point of order” to get the chair’s attention.

The clerk and the analysts are participating in the meeting virtually today. If you need to speak with them during the meeting, please email them through the committee email address. The clerk can also be reached on his mobile phone.

For those people who are participating in the committee room, please note that masks are required unless seated and when physical distancing is not possible.

I will now invite the minister to make her opening statement.

Please go ahead, Minister.

[Translation]

**Hon. Anita Anand (Minister of Public Services and Procurement):** Thank you.

Thank you. I am pleased to appear before you to discuss our requests for funding in the main estimates for 2021-2022, as well as

the departmental plan 2021-2022 for Public Services and Procurement Canada.

With me today are deputy minister Bill Matthews, associate deputy minister Michael Vandergrift, and chief financial officer Wojo Zielonka.

[English]

As the department that acts as a central service provider to other government departments, PSPC is responsible for a multi-faceted and broad mandate.

Mr. Chair, as you know, PSPC continues to play a pivotal role in fighting the pandemic. Our goal right now is to get as many COVID-19 vaccines into the country as soon as possible. Thanks to a diverse portfolio of vaccines that we began building as soon as vaccine candidates showed promise, we are making progress.

As of today, more than 28 million doses of Health Canada authorized vaccines have arrived in Canada. The provinces and territories have administered more than 24 million doses. More than 66% of all Canadian adults have received at least one dose. In fact, as of today, Canada leads the G20 in terms of percentage of the population with at least one dose of vaccine. I continue to push our suppliers for more vaccine doses to be delivered earlier than scheduled.

Members may also be aware that we are already planning for the future, having established a contract with Pfizer for doses in 2022 and 2023, with options to extend into 2024. The agreement provides us with 65 million doses with access to up to 120 million more.

[Translation]

All of this is the result of teamwork across the Government of Canada, work that will continue until the pandemic is behind us.

At the same time, as outlined in this year's departmental plan, PSPC, Public Services and Procurement Canada, will continue to deliver on the government's other commitments, such as promoting diversity and inclusion, addressing climate change, and stimulating the economy.

One of our top priorities remains the implementation of the National Shipbuilding Strategy. We are making significant progress. However, shipbuilding is a complex business, and we must continuously improve.

We continue to deliver ships to the Coast Guard and the Royal Canadian Navy. In the process, we are growing Canada's shipbuilding industry, which contributes \$1.4 billion to the country's gross domestic product and sustains approximately 12,000 jobs each year.

We will continue to work with National Defence, the Canadian Coast Guard and industry to renew Canada's federal fleet of combat and non-combat ships.

[English]

As outlined in our plan, we are taking new approaches to federal procurement. We plan to grow participation from businesses led by indigenous peoples, Black and racialized Canadians, women, LGBTQ2 Canadians and other underrepresented groups, building on successful pilots and enhanced outreach efforts to these business communities. This is a priority for me personally.

Our modernization efforts also include moving forward with a new and innovative cloud-based electronic procurement solution. The solution called CanadaBuys allows businesses, big and small, to bid more easily on tender opportunities and manage contracts and orders for goods and services from the government. I can tell you that we have already been using CanadaBuys for procurements related to COVID-19, such as gowns and cloth masks.

• (1640)

These are only a few of our priorities for 2021-22. To achieve these bold undertakings and support the government's work, PSPC is requesting over \$4.4 billion in the 2021-22 main estimates. This represents a net increase of \$443 million over last year's main estimates.

[Translation]

Of that amount, \$285 million is for real property repairs and maintenance, which will help us protect asset integrity; continue advancements in sustainability, carbon neutrality, and accessibility, in addition to protecting the health and safety of public servants during and after the pandemic.

[English]

This has been an unprecedented time in Canada's history, but we can now see a way out of this pandemic. As we continue to support Canada's response to COVID-19, my department will keep working to provide the other essential services that Canadians expect from us.

In closing, I look forward to working with my fellow parliamentarians and our dedicated public servants to move these plans forward.

I would like to thank profusely our interpreters for their incredibly hard work not only today but throughout the past year during the pandemic.

Thank you. *Merci. Meegwetch.*

**The Chair:** Thank you, Minister.

We will start our first six-minute round of questions with Mr. McCauley.

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

Minister and witnesses, welcome back.

Minister, I'm looking at your departmental results from last year. PSPC achieved just 57% of its targets. Do you find that acceptable?

You are muted, madam.

[Translation]

**Hon. Anita Anand:** I am sorry about that.

[English]

We are offering high-quality services and programs to support the daily operations of governments, and we provide value and sound stewardship on behalf of all Canadians. I believe that is what is emphasized in our departmental results report.

**Mr. Kelly McCauley:** So you don't believe actually setting targets is important if you're only achieving 57% of them? The point of the departmental plan is to set out your priorities and your goals for the coming year and justify your spending. PSPC achieved a quite dismal 57% last year.

What is the department doing to improve this? Do you find 57% acceptable? I think you were a law professor. Would you pass someone at 57%?

**Hon. Anita Anand:** Mr. McCauley, we certainly always need to do better. I will also say that there are areas of the departmental report where we don't have performance indicators because we need a baseline. We need to have good data in order to track our performance. In that respect, we will continue to work hard to do better.

I'd also like to mention that we've been working very hard on our COVID response—

**Mr. Kelly McCauley:** Okay. I'm going to take back my time, Minister.

Canada Post has lost \$1.1 billion, almost \$1.2 billion, over the last couple of years. The Canada Post Corporation Act requires it to operate on a self-sustaining basis financially. What is the plan going forward to ensure fiscal sustainability with Canada Post?

**Hon. Anita Anand:** I will say that we have been in close communication with the board of directors of Canada Post regarding its path toward financial sustainability. Indeed, we were all working very hard to respond to the COVID-19 pandemic, which to some extent did cloud the agenda—

**Mr. Kelly McCauley:** One hundred million dollars of their loss.... There's still a billion....

You mentioned the board of directors. For the record, has the board submitted their corporate plan to you yet? I haven't seen it published in a while. Has it been submitted?

**Hon. Anita Anand:** I will reiterate that we have been in very close touch—

**Mr. Kelly McCauley:** Thanks, Minister. It's a really simple question. As you mentioned, you've been in close contact with the board of directors. Have they submitted the corporate plan to you? Again, I haven't seen it published in a while.

• (1645)

**Hon. Anita Anand:** Thank you, Mr. McCauley. I will ask my deputy minister to respond to that question.

**Mr. Kelly McCauley:** It's a simple yes or no, Mr. Matthews.

**Mr. Bill Matthews (Deputy Minister, Department of Public Works and Government Services):** There have been ongoing discussions about the corporate plan—

**Mr. Kelly McCauley:** It's a simple yes or no, please. Has the board submitted its corporate plan?

**Mr. Bill Matthews:** Mr. Chair, we have been in touch with Canada Post. They've submitted documents, and it's being finalized, but obviously COVID is having an impact on the corporate plan, so it takes some extra time to work through it.

**Mr. Kelly McCauley:** We did not have a plan the year before COVID, and we still don't have a plan. This is what you're saying.

We've discussed a lot in committee about buying PPE made by forced labour from China. We understand there are very minimal guidelines about purchasing. Both Mr. Matthews and you, Minister, have stated you would do more.

What actual concrete actions have been taken—I want to hear of actual actions—to ensure that we're not bringing in any PPE that was made by forced labour from Xinjiang province?

**Hon. Anita Anand:** When awarding our contracts, we first of all require suppliers to agree to terms and conditions prohibiting these labour practices. Second, we conduct integrity checks into each supplier's background. Third, I wrote to suppliers, glove manufacturers in particular, to seek assurance from them that they were not using forced labour practices.

Those are three solid items that we have undertaken.

**Mr. Kelly McCauley:** It's mostly self-attestation, but I understand the CBSA rules require companies to actually show suppliers going back to prove that it's not being used. Yet we're doing self-attestation, it appears.

Are we not following the CBSA rules for importation?

**Hon. Anita Anand:** Of course, I can speak to PSPC actions—

**Mr. Kelly McCauley:** These are taxpayers buying these items. Do we not follow the law?

**Hon. Anita Anand:** We do follow the law, Mr. McCauley, and we take it very seriously. In fact, we—

**Mr. Kelly McCauley:** Do we follow the rules as set out by CBSA?

**Hon. Anita Anand:** We go over and above in terms of seeking attestations from the suppliers or—

**Mr. Kelly McCauley:** The CBSA states really clearly what is required. It's not self-attestation.

**Mr. Irek Kusmierczyk (Windsor—Tecumseh, Lib.):** Point of order, Mr. Chair.

This is an exceptional discussion. I'm trying my best to listen to the minister's response to my colleague's questions.

May we please allow the minister time to respond to those questions?

**The Chair:** Thank you, Mr. Kusmierczyk.

I would ask that everybody be respectful of time commitments, giving quality answers as well as questions, and allowing for that discussion to continue.

Thank you.

Minister, perhaps you could answer.

**Hon. Anita Anand:** Sorry, there were so many questions being thrown at me. I appreciate having the question that he would like answered repeated. Thank you.

**The Chair:** Mr. McCauley, you still have 35 seconds.

**Mr. Kelly McCauley:** The question is that CBSA sets out, and the Government of Canada therefore sets out, very specific requirements to ensure we're not bringing in goods made with slave labour. Parliament has stated that what's happening over in Xinjiang province is genocide.

PSPC only seems to be using self-attestation. Why are we not following what's laid out by the CBSA?

**Hon. Anita Anand:** Mr. McCauley, I believe it is an assumption that you are making in your question relating to the practices at the border. In fact, we are working very hard with our colleagues at CBSA as well as with labour to make sure that the goods that come into this country are not produced by forced labour.

Finally, I am not certain where you are getting the figure of—

**The Chair:** Thank you, Minister.

**Hon. Anita Anand:** —57%. It's not in the document, to my knowledge.

**The Chair:** Thank you, Minister. Thank you, Mr. McCauley.

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

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

Once again, Minister, and welcome to our committee. I'd like to thank you and your team for your tireless effort over the last year and a half.

Minister, I'd like to get a couple of things on the record, if I may. Can you tell us how many committees over the last year or so you have testified at?

• (1650)

**Hon. Anita Anand:** Thank you so much for the question.

I have testified at five committees over the past year. That has been a total of 14-plus hours at these committees. It's always a pleasure to be here.

**Mr. Majid Jowhari:** Thank you, that's great.

As I said, we appreciate all the time that you and your team have made for us over the last year.

Minister, as I'm sure you've seen for yourself, when talking about vaccines, there is no shortage of opinions, whether informed or otherwise. We've heard random questions and baseless speculation thrown in an often desperate search for conspiracy, without considering the knock-on effect that these doubts may raise. We've all seen reporting of vaccine hesitancy, vaccine shopping and many—without credentials, I might add—questioning the science and how we secure our data. When we look for medical advice from politicians rather than licensed and expert medical officials, I'd say we're heading down a dangerous road.

Minister, if Canadians have questions regarding vaccines and what's right for their loved ones and themselves, whom should they speak to and which data should we use as a base?

**Hon. Anita Anand:** Of course, this isn't an issue particular to PSPC, but as a general matter, I believe they should speak to their local regional authority or health authority, as well as to their physician.

**Mr. Majid Jowhari:** Let's talk about availability of supply. Can you provide us an update on the status of vaccine procurement and whether Canadians should be concerned about vaccine supply?

**Hon. Anita Anand:** I most definitely can.

To date, 28.4 million doses of vaccine have been distributed to the provinces and territories; 24.1 million doses have been administered and two-thirds, or 66%, of eligible Canadians have received at least one dose. As of today, Canada is first among G20 countries for the percentage of the population that has received at least one dose of vaccine.

You'll recall when I appeared before the committee before, I mentioned that we would see a rapid increase in the importation of vaccine to this country, and that has in fact happened. Through our negotiations, we have accelerated 28 million doses of vaccines to earlier periods in this year. This now allows us to accelerate the distribution of doses to provinces and territories.

Our work is not done. By the end of June, there will be enough vaccine for all Canadians who wish to receive it to have at least one dose, with second doses under way. By the end of September, if not sooner, all Canadians who wish to have two doses of the vaccine will certainly be able to.

**Mr. Majid Jowhari:** I recall the last time you appeared at this committee, I asked you a question about how many doses we would

have available in September. We were talking about roughly 118 million. Has that number changed?

**Hon. Anita Anand:** The number of vaccines that are coming in to this country continues to accelerate. At the current time, we do expect to have more than 100 million vaccines in this country prior to the end of September.

**Mr. Majid Jowhari:** What challenges do you feel have been overcome? Do you foresee in the coming weeks, months or years that we won't be facing any of those challenges and we'll be confident about our [*Technical difficulty—Editor*]?

**Hon. Anita Anand:** Obviously, we are working in an extremely strained environment where all countries are seeking access to vaccines as one way through the pandemic. The environment is incredibly competitive and supply chains are ramping up, so we are watching supply chains on a daily basis to make sure that we are able to get product, vaccines, into the country as soon as possible.

One way that we've managed the unpredictability of supply chains in a competitive environment is by working with our suppliers, Pfizer, for example, to move the supply chain from Europe to the United States. As of the beginning of May, we have started to bring Pfizer doses in from Kalamazoo, Michigan, as opposed to Europe. We are in discussions with Moderna at the current time to ensure that we can make a similar shift and move the supply chain from Europe to the United States so that we can increase the stability, especially in transportation, of doses of vaccine coming into Canada.

• (1655)

**The Chair:** Thank you, Minister.

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

[*Translation*]

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

Thank you, Minister and senior officials, for being with us today.

I sense that you can guess that my questions relate to Canada's National Shipbuilding Strategy. As part of that strategy, you expect to accept delivery of the second Arctic offshore patrol ship, or AOPS, in 2021-2022. The first AOPS was delivered in July 2020 and is expected to be commissioned this summer, in 2021.

You expect to sign a strategic partnership agreement with a third shipyard in the spring of 2021, which should be the Davie shipyard, in theory. Spring normally ends around June 21. How are the negotiations to include Davie as a third partner going?

**Hon. Anita Anand:** Thank you very much for your question.

Negotiations regarding the third yard RFP continue to evolve. Recently, Davie requested an extension of the process, which the Government of Canada agreed to.

**Mrs. Julie Vignola:** Thank you.

I'm going to go back to the AOPS. Are you satisfied with the operational testing on the first AOPS?

What problems were identified during the testing?

**Hon. Anita Anand:** I'll ask my deputy minister to answer that question.

**Mr. Bill Matthews:** Thank you for the question.

It is really normal to take some time to check the quality of a ship after receiving it. During the testing that is done by DoD and the Coast Guard, problems are found and it is up to the shipyard to fix them. It's always a process...

**Mrs. Julie Vignola:** Yes, obviously, but what problems were identified?

**Mr. Bill Matthews:** We noticed that there was an issue with the engine. It's really important for the client to verify that everything works well before accepting the product.

**Mrs. Julie Vignola:** In December 2020, we learned that the government had plans to expand and restore the Esquimalt shipyard, close to Vancouver, the last shipyard that belongs to the government.

What is the status of the work at the Esquimalt site?

**Hon. Anita Anand:** I believe there are discussions on that at the moment. I'll ask my deputy to answer more precisely.

**Mr. Bill Matthews:** In fact, CFB Esquimalt shipyard charges an all-industry rate. It is not part of Seaspan's Vancouver Shipyards, so it is not a rate...

**Mrs. Julie Vignola:** You're not answering my question. I asked you...

**Mr. Bill Matthews:** I did not understand your question. I'm sorry.

**Mrs. Julie Vignola:** I asked you how the expansion and repairs to the Esquimalt yard were progressing.

● (1700)

**Mr. Bill Matthews:** Oh! You meant the target state. Is that it?

**Mrs. Julie Vignola:** That's right.

**Mr. Bill Matthews:** I apologize.

Indeed, we have a plan to reach the target. It will take some time. The same is true for the other yard. I imagine we will have to go through a similar process for the third yard. There is no exact deadline for achieving the target condition. However, Vancouver does have a plan to do so.

**Mrs. Julie Vignola:** All right.

When it comes to the Esquimalt shipyard, we're still talking about nearly \$3 billion in renovations. I hope there is a plan as to how it will be spent.

**Mr. Bill Matthews:** Mr. Chair, I'm not sure whether the question is for me or the minister.

**Mrs. Julie Vignola:** You can answer it, deputy minister.

**Mr. Bill Matthews:** Thank you.

I saw that amount in the media. Since the planning is still being verified, I can't give you that amount right now.

**Mrs. Julie Vignola:** Without providing a figure, can you tell us if there is a plan for the renovations?

**Mr. Bill Matthews:** Mr. Chair, we are in the process of evaluating options because we have to fix things and renew them. We are in the process of developing a plan.

**Mrs. Julie Vignola:** I want to come back to Seaspan's Vancouver Shipyards. From what I've heard, the Esquimalt yard is leased to different companies, including Seaspan's Vancouver Shipyards, which leases 80% of the yard time. They pay the Government of Canada for the use of the yard. How much revenue is generated from this lease?

**Hon. Anita Anand:** Again, thank you for your question.

That's a very specific question, so I'll have my deputy minister answer it. However, I would add that it's not just for construction, but primarily for maintenance.

[English]

**The Chair:** Thank you, Minister.

I would ask that the deputy minister provide that answer in writing to the clerk. I would appreciate that.

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

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

I want to welcome the minister back. I would like to get an overview from the minister.

She's been before us multiple times, and certainly, she has been on the hot seat at this committee on multiple occasions. I'm hoping to get a couple of figures and a couple of summaries out in a more amicable way, perhaps.

Regarding total purchases, could you give us an overview in terms of vaccine delivery, total delivery to date, and the overall confirmed purchases for delivery of the COVID vaccines of all variations?

**Hon. Anita Anand:** Thank you for the question, and thank you for welcoming me back.

I will say that we have already had delivered to Canada 28.4 million doses of vaccine. We expect to have over 100 million doses delivered before the end of September.

I will ask my deputy minister if he'd like to provide more detail.

**Mr. Matthew Green:** That's okay. That will suffice. I just wanted the numbers. That's very ambitious, and I know you've touted having the most diverse portfolio in the world.

Through you, Mr. Chair, the minister will recall on numerous occasions that we've been back and forth about the TRIPS waiver and about the government's accessing COVAX. There are reports today coming out of the CBC touting that although we are investing more dollars into COVAX, what countries are actually asking for are vaccines.

I'm wondering if the minister has given consideration to our surplus. The minister will recall there was some, I will say, politically constructed partisan hesitancy put out there with regard to AstraZeneca.

What considerations has the minister given, in terms of the fact that we are well above what our requirement would be for these vaccines? We're going to have a surplus.

• (1705)

**Hon. Anita Anand:** You're correct in saying that Canada is among the top contributors to the COVAX advanced market commitment. As I've mentioned at this committee before, we've invested \$220 million to support equitable access to COVID-19 vaccines. In terms of donations of vaccines, if we have a surplus of vaccines, that is an issue that I care about deeply, and I have been in discussions with my colleagues Karina Gould and Patty Hajdu, the ministers also engaged on this file. We will have more to say on this issue shortly.

**Mr. Matthew Green:** The World Health Organization's director-general reiterated the long-running concerns that western nations are vaccinating their people at really high rates. He said, "Of the 1.8 billion vaccines administered globally, just 0.4% have been administered in low-income countries." He stated, "This is ethically, epidemiologically and economically unacceptable."

You'll note that there's been an ongoing conversation exchanged through you, Mr. Chair, with the honourable minister on TRIPS, and, of course, I continue to talk about what I believe to be the value of having a patent waiver on vaccines. That also goes to other critical elements of PPE and medical supports as they relate to our response internationally.

Through you, Mr. Chair, I wonder if the honourable minister can tell us, notwithstanding all of the shifts within the Biden administration, whether there has been a shift in the cabinet's position to at some point come out and provide the TRIPS waiver for not just vaccines but for all critical medical related to COVID.

**Hon. Anita Anand:** I will say that Canada is ready to discuss waiving intellectual property protections, particularly with respect to COVID-19 vaccines under the WTO agreement on TRIPS. Our government continues to be a leader in the global effort to ensure that there's equitable access to vaccines and critical medical supplies around the world.

You'll recall that we have sent supplies, ventilators and oxygenators to India already, and we are a strong proponent of multilateral, rules-based trade with the WTO at its core. I've spoken with my colleague Minister Ng about this issue, as she is leading it at the WTO. She, too, is committed to equitable access to vaccines in that forum.

**Mr. Matthew Green:** Through you, Mr. Chair, I sat in on the trade committee last Friday when they had the ambassador present.

They had many delegates, including a particular witness from Médecins Sans Frontières. They were very clear that we're not leading in this regard. While there has been, retroactively I'll say, a restoration into COVAX in terms of our take from that particular program, there's still a significant need for vaccines. I'm wondering, even for our own possible production of PPE and vaccines, if the minister has made future plans for Canada to become a producer under a TRIPS scenario of PPE and vaccines.

**Hon. Anita Anand:** One of the advantages of pursuing a diversified approach, not only to vaccine procurement but PPE procurement also, was that we built up Canada's supply chains, and now 40% of our PPE contracts by dollar value are with Canadian manufacturers. In other words, we do have the capacity to be a global leader in the sharing of PPE and eventually vaccines, when we do have more vaccines in this country, and they are continuing to come in by the millions.

Through our leadership in the WTO and the the Ottawa Group, we're going to continue to be a strong advocate for equitable access.

**The Chair:** Thank you, Minister.

Thank you, Mr. Green.

We will now go to our second round, starting with Mr. Paul-Hus for five minutes.

[Translation]

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

Good morning, Madam Minister. My first question is with respect to the Auditor General's report number 10, where we learn that contracts for personal protective equipment were signed and significant advance payments were made to these companies, which were not checked out at all.

Can you explain that?

• (1710)

[English]

**Hon. Anita Anand:** I most definitely will. At the beginning of the pandemic, our government worked quickly and decisively to ensure that we procured PPE that our front-line health care workers needed. It was a seller's market. We needed to act very quickly and to some extent take on additional risk, as the Auditor General mentioned. We were able, as a result of taking that risk, to procure 2.7 billion items of PPE for Canadians, for front-line health care workers, which the Auditor General sanctioned.

[Translation]

**Mr. Pierre Paul-Hus:** Thank you, Madam Minister.

[English]

**Hon. Anita Anand:** We have now switched to a more regular process of contracting.

**Mr. Pierre Paul-Hus:** Thank you, Minister.



[Translation]

I asked you a question before, at another meeting, concerning Frank Baylis, about another dossier regarding ventilators. You told us then that you did not know Frank Baylis. It's possible, you were elected in 2019. I'll give you another name.

Does the name Michel Oceau mean anything to you?

[English]

**Hon. Anita Anand:** Not at all; I've never heard that name before.

[Translation]

**Mr. Pierre Paul-Hus:** All right.

I'm talking about Michel Oceau, who owns Tango Communication Marketing, as well as Alexandre Brault, who is the son of Jean Brault. These names, if you do a little Google search, Madam Minister, will take you back some 20 years in time, to the time of the sponsorship scandal. These were people who were very involved in the Liberal Party of Canada, in a scandalous program that almost wiped out the Liberal Party of Canada in the 2006 election.

Now, what I want to understand is how a company owned by individuals connected to the sponsorship scandal was able to so easily gain access to a contract and receive \$81 million in advance from the Government of Canada for masks and equipment that were completely unusable because of their poor quality. I already know that the Government of Canada has filed a lawsuit. It's mind-boggling to see the details of this case and how Canadian taxpayers have been had by this organization.

Did anyone give you a briefing when the names of Michel Oceau and Alexandre Brault, son of Jean Brault, came up for consideration?

[English]

**Hon. Anita Anand:** My first and foremost priority has been to procure PPE and vaccines for Canadians. We are delivering on that, having procured 2.7 billion items of PPE and being first in the world in terms of the percentage of the population who have been given at least one dose of vaccine—

[Translation]

**Mr. Pierre Paul-Hus:** Madam Minister, with all due respect, don't read your lines to me. I don't want to hear about vaccine contracts, I'm not talking to you about that.

We're talking about an equipment purchase file and an \$81-million cash advance, which Canada will likely lose. First, the Government of Canada took a year to file a lawsuit in the Ontario Superior Court. I have an email here from the Prime Minister's office, from an employee, a middle manager, indicating that there was a problem. This email is from May 2020, which is over a year ago. It was already known that there was a problem.

I know you were coming into the position in November 2019 and the pandemic happened shortly thereafter.

Did anyone tell you about Mr. Oceau or Mr. Brault? Did no one warn you to be careful?

Jean Brault went to jail back in the day for wheeling and dealing in government contracts. Someone should have sounded the alarm.

Did anyone sound the alarm?

[English]

**Hon. Anita Anand:** I would like to refer you first of all to my priority, which is procurement for Canadians, and second of all to the statement of claim where the government has filed all relevant facts in this matter. I encourage all members to review it, because we will fight for taxpayers and their dollars. We will not pay for defective masks. We have only been clear from the outset that we will hold suppliers to their contractual obligations, regardless of who they are.

[Translation]

**Mr. Pierre Paul-Hus:** I have one last question for you.

Are there other companies like this that the government needs to take action against? Are there other companies that have not delivered the goods and have received advances?

[English]

**Hon. Anita Anand:** Of the hundreds of contracts that we executed in order to support Canadians in this pandemic, there has been one supplier, whom you have named, that did not provide supplies that were meeting specifications in the contract. We have therefore sued that company. We will seek recompense for the Canadian taxpayer. That's my priority. We will not pay for defective product.

• (1715)

**The Chair:** Thank you, Minister.

We will now go to Mr. Zuberi.

Welcome to the committee, Mr. Zuberi. You have five minutes.

**Mr. Sameer Zuberi (Pierrefonds—Dollard, Lib.):** Thank you.

Thank you, Madam Minister, for being here.

I want to start off by saying that I loved hearing the great news that Canada is leading the G20 countries with respect to first doses. For me, that was new information, and I'm really happy to hear that. Thank you to you and your team for protecting us all across the country.

I want to touch upon vaccines and PPE, but vaccines in particular. We know that this is a preoccupation of Canadians. With respect to those that have been distributed to the provinces and territories, can you tell us how many have been distributed and any milestones in relation to that?

**Hon. Anita Anand:** Thank you so much for welcoming me and for the question.

I want to say that we are about to hit a very important milestone of 30 million vaccines distributed to provinces and territories. We're at 28.4 million doses at the current time, and we are expecting 2.4 million doses of vaccine next week from Pfizer. The week after, we will receive 2.4 million vaccines from Pfizer and at least 1.5 million doses from Moderna.

In addition to the very important milestone that we reached today, which is two-thirds of all eligible Canadians receiving at least one dose and being first in the G20 for the percentage of the population with at least one dose, we are on our way to hitting 30 million doses distributed to provinces and territories. As I said, well over 40 million doses will be distributed to the provinces and territories before the end of June.

We are accelerating our deliveries into Canada every single week. That is the reason we are first in the G20 for the percentage of the population with at least one dose. It is my priority. It is our government's priority, and we will not stop until all Canadians have access to vaccines.

**Mr. Sameer Zuberi:** Thank you.

I'd like to touch upon rapid tests. Can you tell us how many have been procured and distributed throughout the country?

**Hon. Anita Anand:** Most definitely. We have procured 43.5 million rapid tests; 41.8 million of those tests have been received, and over 26 million of those rapid tests have been distributed to provinces and territories. Of that number, only 3.1 million tests have been used to date, so we very much wish to encourage the provinces and territories to utilize the rapid tests that they asked for and that we procured.

**Mr. Sameer Zuberi:** Thank you.

I'd like to shift gears for a moment to touch upon some points that were brought up at the top of this committee by a member of the committee.

I'm co-president of the Canada-Uyghur Parliamentary Friendship Group. At the top you mentioned how we are conforming to measures that were introduced by our government at the beginning of this year, in January. Those measures require that we communicate with companies when importing goods into Canada.

You spoke about PPE. Can you reiterate what we are doing with respect to PPE to ensure that we're not unwittingly consuming forced-labour products?

**Hon. Anita Anand:** I want to say right off the top that I personally am leading a department and reiterating at all points of contact with them that we are committed to ensuring the highest ethical standards for government procurement, including preventing human rights abuses and forced labour in federal supply chains.

When awarding contracts, therefore, PSPC requires suppliers to agree to terms and conditions prohibiting these labour practices. We conduct integrity checks into suppliers' backgrounds. We recently launched a request for proposal to conduct a risk assessment to determine which products are at higher risk of being produced using human trafficking, forced labour or child labour. The results of this assessment will enable us in turn to further improve our procurement supply chains and protect them in terms of their being affected by labour exploitation.

Again, I am committed to ethical supply chain management and I will continue to work to ensure that we are following the rigorous standards that Canadians expect. That's why I have written to certain suppliers already to make sure that they are not sending us product that has been produced by forced labour.

• (1720)

**The Chair:** Thank you, Minister.

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

[*Translation*]

**Mrs. Julie Vignola:** Thank you very much, Mr. Chair.

I'm going to talk about delivery schedules, among other things.

The 2021-2022 main estimates set aside a little over \$70 million to put in place measures for DoD to follow up on shipbuilding contracts.

My question is this. Is PSPC going to be involved in these tracking measures?

[*English*]

**Hon. Anita Anand:** We are constantly in touch with the client departments, including DND, in order for us to deliver to Canadians the equipment that is requested, including the naval items that we are discussing today. It is only through that collaboration with DND that we are continuing to deliver on the national shipbuilding strategy, creating good middle-class jobs right across the country, including contributing \$1.54 billion annually to our economy and 15,000 jobs per year. The plan is fully costed—

[*Translation*]

**Mrs. Julie Vignola:** Thank you very much, Madam Minister.

[*English*]

**Hon. Anita Anand:** —it's fully funded, and we are delivering for Canadians.

[*Translation*]

**Mrs. Julie Vignola:** Thank you.

Earlier, we talked briefly about prequalifications. I know that Davie Shipbuilding requested an additional deferral.

That said, some previously qualified yards were subsequently granted a deferral in order to be able to comply with requirements.

What explains why it took so long for the Davie yard to be qualified, while others had additional deferrals to comply with the requirements, even though they were already qualified?

**Hon. Anita Anand:** These are negotiations with Davie shipyard only. The process is ongoing and we are looking at making a decision this fall.

As I said before, we are continuing to work with the Davie yard. They asked for the deadline to be pushed back and we have agreed.

**Mrs. Julie Vignola:** Thank you.

[*English*]

**Hon. Anita Anand:** This is the current status of the negotiations.

**The Chair:** Thank you, Minister.

Thank you, Ms. Vignola.

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

**Mr. Matthew Green:** Thank you.

On page 4 of the departmental plan, where it talks about the purchase of goods and services, you referenced this in your previous answers on the national shipbuilding strategy. On page 4, it talks about working “with government departments and industry” for “Canada's federal fleet of combat and non-combat vessels”. You've touted some of the economic benefits, but you'll recall that there's a pretty big disconnect between what DND says the cost is going to be and what our Parliamentary Budget Officer says the cost is going to be.

Through you, Mr. Chair, will the honourable minister take responsibility should there be an inevitability that this project balloons to the potential of it being an \$80-billion project rather than what is estimated to be a \$50-billion to \$60-billion project? In short, will the minister take responsibility should there be cost overruns, given the variance between what her ADM said as it relates to taxes and the different formulas and what our Parliamentary Budget Officer said?

• (1725)

**Hon. Anita Anand:** Thank you for the question.

I just want to be clear, because there was a discrepancy, as the honourable member points out. The point that I want to be clear on is that taxes should not be included in the CSC costing. Why? The federal government gets these funds back as a result of reciprocal tax arrangements. That is a clarification that I wanted to make, to make sure that the honourable—

**Mr. Matthew Green:** We don't pay provincial taxes? We're not going to pay the 10% tax?

**Hon. Anita Anand:** There are reciprocal tax arrangements between the provinces and the federal government.

**Mr. Matthew Green:** Let me ask this question with more clarity, Mr. Chair.

The honourable minister mentioned that it's fully funded and fully costed. What is the minister putting in terms of contingency for the costing? Is it \$50 billion to \$60 billion or are they talking about the project being closer to \$82 billion?

**Hon. Anita Anand:** There are different calculation methods that the member is referring to in terms of what was deployed by the PBO that actually do drive the costs, including the different ways in which taxes are treated.

I will ask my deputy minister to provide further clarification .

**Mr. Matthew Green:** Mr. Chair, through you, without deferring it to the deputy minister, I just have to ask the question. The minister said it was fully funded so which number is fully funded—

**The Chair:** Thank you—

**Mr. Matthew Green:** —the \$60 billion or the \$82 billion?

**The Chair:** Thank you, Mr. Green. That is unfortunately the end of time but we would ask the minister—

**Mr. Matthew Green:** May I ask the deputy—

**The Chair:** —or Mr. Matthew to provide the committee with a written answer to Mr. Green's question. I appreciate it.

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

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

Minister, the Prime Minister has often said, “No relationship is more important to Canada than the relationship with indigenous peoples.”

In your departmental plan you talk about the importance of diversity. You also talked about that in your opening remarks and furthering SMEs that are run by indigenous folks, by women or, by those who are Black. In your mandate letter in 2019, the Prime Minister directed you to give 5% of all federal contracts to indigenous-owned businesses. However, that didn't happen. Why?

**Hon. Anita Anand:** Let me assure you that the target to have at least 5% of federal contracts awarded to businesses managed and led by indigenous peoples is an objective that I personally am working towards as is my department. In fact, PSPC has awarded 40 contracts to 31 self-identified indigenous businesses collectively worth \$130 million just in the pandemic alone and we are working across government to ensure that that 5% minimum target is, in fact, reached.

**Ms. Rachael Harder:** Let me be clear. That's referring to your 2019 mandate letter from the Prime Minister. It stated that you were supposed to give 5% of all contracts to indigenous-led businesses, but you actually had that letter scrapped. Unfortunately, that goal wasn't met. A new mandate letter was given and it was just whitewashed, gone. No goals were set whatsoever for indigenous-led businesses. Why run from the problem rather than tackle it head on?

**Hon. Anita Anand:** Actually you're wholly incorrect. That was not scrapped.

**Ms. Rachael Harder:** Chair, I'm going to pause right there.

I'd like the minister to substantiate the fact that she is calling my claim incorrect. I have the 2019 mandate letter and I have the 2021 mandate letter. On what basis is the minister saying I'm incorrect?

**Hon. Anita Anand:** If the honourable member would allow me a moment to explain, I will do so. The letter that we were recently provided is, in fact, supplementary to the 2019 mandate letter. Therefore, the target of having at least 5% of federal contracts awarded to indigenous businesses stands and it is a target that we are still aiming to reach. The preamble, in fact, is clear that the 2019 letter stands, if the member would care to read the preamble.

**Ms. Rachael Harder:** Okay.

Minister, I also have the departmental plan and I've read through from 2018-19, 2019-20, 2020-21 and 2021-22. Interestingly enough, you may or may not be aware of this, but the plan actually says that for goals for women and indigenous businesses, it's TBD. I have that document right here. It says, “TBD”, to be determined. In other words, there are actually no goals set.

Minister, you're actually misleading the committee right now by saying there are big goals and that you are achieving them. There are none. I have the documents right in front of me. How do you explain that?

• (1730)

**Mr. Steven MacKinnon (Gatineau, Lib.):** On a point of order, Mr. Chair, “misleading” is unparliamentary language.

**The Chair:** I would ask that everybody be respectful of each other in their responses, on both sides, along those lines.

Carry on, Minister.

**Hon. Anita Anand:** I did not hear a question in the member's last comment. I'll wait to hear the actual question.

Thank you.

**Ms. Rachael Harder:** I was just wondering why the minister, through you, Mr. Chair, is choosing to try to mislead this committee, as if she has a plan, when in fact I have a document in front of me that shows that she's had four years—

**Mr. Steven MacKinnon:** A point of order, Mr. Chair.

This is outrageous. On a point of order, Mr. Chair, I would actually ask you to make a ruling. That's unparliamentary language. That's not acceptable. An apology is warranted.

**The Chair:** We will suspend for a second.

We will bring the meeting back to order.

I thank the member for his comments. I appreciate that.

At this point in time, I see that in the context of the discussion, and therefore I will allow it to stand at this point.

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

I'm just waiting for the minister's answer.

**Hon. Anita Anand:** As I mentioned, we do have a target in my mandate letter. That is a target of a minimum of 5% that I and the department are seeking to reach. Once we have the data to establish the baseline, we will measure the percentage increase and measure our performance against that baseline. So I would—

**Ms. Rachael Harder:** Minister, thank you.

What's interesting to me, though, is that the baseline hasn't been established, so I don't know what you're measuring your success against. Again, I have four years' worth of departmental plans that show there is no plan, that there is no benchmark, in terms of wanting to procure through businesses that are led by indigenous people or by women.

Minister, my next question is very simple. Did you sign the departmental plans?

**Hon. Anita Anand:** Well, actually, I would like to really correct the member, because there is—

**Ms. Rachael Harder:** No. It's pretty simple.

**Hon. Anita Anand:** —an objective—

**Ms. Rachael Harder:** The departmental plans are for your department. Did you sign them? Did you sign off?

**Hon. Anita Anand:** There is an objective in my mandate letter of a minimum of 5%. That's the target we're working towards. That's what we're working towards.

**Ms. Rachael Harder:** Chair—

**The Chair:** Thank you.

**Ms. Rachael Harder:** She didn't answer my question.

**The Chair:** Thank you.

We will go to Mr. Weiler for five minutes.

**Hon. Anita Anand:** Excuse me, Mr. Chair. I believe this will be my last question. We have reached the—

**The Chair:** Yes, Minister, this is the last person up for questions.

• (1735)

**Hon. Anita Anand:** That's right.

**The Chair:** I appreciate your bearing with us, as we're a couple of minutes over time. We appreciate it.

Mr. Weiler.

**Mr. Patrick Weiler (West Vancouver—Sunshine Coast—Sea to Sky Country, Lib.):** I would like to thank the minister for appearing in front of our committee again today. Thanks to all the officials for being here as well.

Minister, I would like to continue on the topic we're discussing right now. I'd like to address some of the concerns that have been raised about building back better and returning to normal. There have been lots of legitimate concerns discussed on how Canada comes through the pandemic. Of course, as we have been discussing, these include considerations that need to be taken into account to address shortcomings that have been experienced by underrepresented groups. Effectively, there are groups that have historically been discluded and discounted from procurement competitions.

Minister, I was hoping you could outline how you and your department are engaging in a more meaningful and impactful way with identified groups to provide greater diversity of both access to and participation in Canada's procurement space.

**Hon. Anita Anand:** Thank you so much for the question.

I am very committed to diversifying the federal supply chain for LGBTQ+ and additional diversified and racialized minorities. It's extremely important that minority groups in our country have access to federal supply chains.

I spoke just now about the minimum 5% of federal contracts floor that we have in my mandate letter as a target that we are seeking for indigenous peoples. In addition to that, and in direct response to your question, I have met with indigenous businesses, women-led indigenous businesses, Black-owned and -managed businesses and many other racialized communities to seek their feedback on how we can do better to diversify federal supply chains.

In particular, with the Black-led and Black-managed businesses with whom I met, we heard of the importance of diversification in federal supply chains. What we did in response was to launch pilot projects, which were procurements directed specifically at Black-owned and Black-led businesses, so that we could begin the very important process of gathering data relating to the supplier community and what we should be doing better from a procurement standpoint.

In particular, we are launching, and indeed have launched, the e-procurement system. That is going to allow us, through electronic means, to gather data about the suppliers that are applying for federal contracts. Once we have that data and spread that system across government, we will be able to have the race-based and gender-based data that we need to evaluate our performance.

In short, diversifying the federal supply chain is an extremely important issue for me personally and for our government. In that regard, we have led targeted procurements to the indigenous business community, as well as to the Black business community, but our work is not done. We have more road to travel to meet the minimum mandatory 5% floor for indigenous businesses, which is contained in my still valid 2019 mandate letter. We will keep walking down the road of diversification in federal supply chains to ensure that the Canadian economy represents the demographics of this country.

Thank you.

**Mr. Patrick Weiler:** Thank you for that, Minister.

I wonder if you might be able to speak to some specific examples that you wish to highlight in this space to show where we have had potentially some successes or some challenges in advancing on those goals.

**Hon. Anita Anand:** I would like to reference the new Black businesses procurement pilot, which under my leadership and the department's leadership we launched in January across Canada. It aims to expand bidding opportunities to small businesses that are owned or led by Black Canadians. To date, we have launched 12 pilot procurements posted thus far. We've also been holding round table discussions with Black businesses to hear first-hand how we can increase their participation in the procurement process.

In addition to having these additional round tables with Black businesses, I want to mention our relationships and conversations with indigenous businesses. In August 2020, we signed contracts with seven indigenous firms that met the established criteria for the targeted procurements that we launched, worth approximately \$3 million, for a total of 15 million non-medical disposable masks. Then again in October 2020, we amended one of the contracts to exercise the option to procure an additional 20 million non-medical disposable masks for an additional \$2.94 million.

In other words, what I'm trying to indicate is that even though we're responding to the pandemic with PPE procurements and vaccine procurements, making sure that we diversify federal supply chains has continued to be a priority for me.

• (1740)

**The Chair:** Thank you, Minister. I appreciate that. I want to be respectful of your time, and appreciate your being here.

That's the end of the time for questions for the minister. The officials are going to remain with us.

In order for us to get a bit back on time, we're going to go with five minutes for the first round, and we will be done at six o'clock so that we can continue in camera.

We'll start with Mr. Paul-Hus for five minutes.

[*Translation*]

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

Mr. Matthews, I would like to know how many contracts were awarded with advance payments by Public Services and Procurement Canada during the pandemic?

**Mr. Bill Matthews:** Thank you for your question.

[*English*]

At the peak, we were seeing about 30% of contracts having advance payments. That has obviously dropped off significantly as the market has settled, so contracts now are rarely seeing advance payments.

When we were at the peak of the shortage of supply, roughly 30% of contracts were requiring some sort of advance payment. The amount shifted as well. In the early days, it was 30%, and then in a matter of a week or two, it jumped to 50% and in some cases 100%. The market was very volatile at that time.

[*Translation*]

**Mr. Pierre Paul-Hus:** So, 30% of the initial contracts required advance payments. You will tell me there were hundreds of contracts, but there shouldn't be that many that required advance payments.

Following our meeting, will you be able to provide us with the exact number of contracts that required advance payments and the total amount that was paid out in advance?

The Auditor General mentioned this, but we do not have the detailed information. Is that information available?

[*English*]

**Mr. Bill Matthews:** Mr. Chair, absolutely, we can provide that information. We could do a broader look, but I would suggest that it was really during the first six months of the pandemic when advance payments were really an issue, and that was changing rapidly.

It might be more relevant for the member if we focused in on the first six months, but I'll leave it to the member as to what information—

[*Translation*]

**Mr. Pierre Paul-Hus:** The period to be evaluated could be between February 2020 and July 2020.

I have another question. Deputy Minister, had you informed the minister about Michel Octeau and Alexandre Brault? Was she informed at the time?

**Mr. Bill Matthews:** No, because we did not know who Mr. Octeau was. We only found out after the contract had been awarded.

**Mr. Pierre Paul-Hus:** I see.

Can you tell me how a company like Nuctech was able to quickly secure contracts and sell equipment worth such amounts, while other Canadian and Quebec companies whose warehouses were already full of equipment could not even get a response by accessing the BuySell.gc.ca website?

Can you explain to me how this works?

**Mr. Bill Matthews:** Thank you for the question.

At that time, we realized that the usual suppliers could not provide the goods in the required time. So we had to find other companies to help us.

[English]

At that time, again, there were many new companies popping up. Our traditional supply chains weren't working. Eventually, we got to a place where manufacturing was in Canada, but we used Buyandsell, and were very much looking for rapidity, so who came in first was very important, as well as a quick assessment of whether they could deliver or not. Rapidity was the key feature here.

• (1745)

[Translation]

**Mr. Pierre Paul-Hus:** Fine. Thank you.

I'll yield the floor to my colleague Mr. McCauley.

[English]

**Mr. Kelly McCauley:** I'm sorry, Mr. Vandergrift. It's another meeting with nothing for you, I'm afraid.

Mr. Matthews, I'm looking at GC InfoBase from Treasury Board, and it actually states 57% targets achieved for 2019-20. The minister says that's incorrect.

Is Treasury Board correct? Is the minister correct and Treasury Board is incorrect?

**Mr. Bill Matthews:** The context is that roughly 57% to 59% were met. There is about 32% or 33%—

**Mr. Kelly McCauley:** That's what Treasury Board says.

The last time you were with us we were talking about—

**Mr. Bill Matthews:** I was going to finish my answer—

**Mr. Kelly McCauley:** —this sole-source contract with SNC-Lavalin for mobile health units. I understand SNC said it was five mobile health units. How many were actually delivered by SNC?

**Mr. Bill Matthews:** Mr. Chair, the contracts in question were for design. Deployment is another part. SNC was on contract to deliver up to five, so they designed—

**Mr. Kelly McCauley:** How many did they deliver?

**Mr. Bill Matthews:** None have been deployed yet because they have not yet been requested by the provinces.

**Mr. Kelly McCauley:** Okay.

Whose decision was it? We heard it had to be sole-sourced to SNC because it was urgent. No province requested them before it was determined to be urgent and ordered. Who came up with the decision to pre-order these mobile hospital units?

**Mr. Bill Matthews:** Mr. Chair, this is something where we had to forecast into the future to determine the needs—

**Mr. Kelly McCauley:** I realize that, but did PHAC request it? Who requested them?

**Mr. Bill Matthews:** PSPC first identified the need and worked—

**Mr. Kelly McCauley:** Who at PSPC—

**The Chair:** Thank you, Mr. McCauley.

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

**Mr. Irek Kusmierczyk:** Thank you very much, Mr. Chair.

Mr. Matthews, the Auditor General's report focused on reviewing pandemic activity. In particular, it looked at the procurement of personal protective equipment or PPE, how your department responded to time frames, the scale of the competition that was out there and the needs of the provincial and territorial governments. The Auditor General report states that when faced “with the pressures created by the pandemic, the agency took action.”

Mr. Matthews, can you comment on the findings of the Auditor General's report? How do you think you have identified and responded to the challenges, both today and also into the future?

**Mr. Bill Matthews:** Thank you for the question, Chair.

There are a couple of things. Number one is that incredibly valuable work was done by the Auditor General. We take the findings very seriously. I think there's acknowledgement that the department had to take risks. The supply situation was well understood. In order to properly supply Canadians with PPE, there was a need to take a risk.

I think the Auditor General also identified helpful recommendations for us for the next time. Frankly, we hadn't been through an experience like this. While you have manuals, there's nothing like a real, live exercise, frankly, to better understand where improvements can be made.

**Mr. Irek Kusmierczyk:** Mr. Matthews, by the end of 2020, according to the report, the federal government purchased \$7 billion in PPE and medical devices. I can't even fathom what that number means. Can you put that into perspective, maybe looking at past purchases and whatnot? That is a huge amount.

**Mr. Bill Matthews:** It is a huge amount, Mr. Chair. There's honestly nothing I could compare it to in terms of the experience we've had, if you look at the variety of the goods that were acquired for the Public Health Agency of Canada for eventual use by provinces and territories—because that's where they went—and understanding the volumes and the need to put in place contracts that would continue to deliver over time. This was not one delivery and done. This was a delivery and then ongoing deliveries, which was a critical aspect.

Maybe the context is if you look at the warehouse space that had to be leased to properly store these goods that were coming in for the provinces and territories. It is a really interesting indication, just in terms of how the Public Health Agency stepped up in terms of what needed to be ordered, obviously with support from PSPC.

**Mr. Irek Kusmierczyk:** That last point is a great point. Could you unpack that a little bit for me?

How did the federal government or the department adapt in terms of storing, distributing and tracking this enormous deluge of PPE and medical devices? Can you give us a bit of a glimpse into how the department pivoted or adapted to that?

• (1750)

**Mr. Bill Matthews:** Certainly, Mr. Chair.

As we evolved our purchasing to go with new suppliers, we also realized that, frankly, the best approach was to go directly to the manufacturers while we waited for the domestic industries to come online. There were a lot of efforts in terms of on-the-ground logistics in China. We rented a warehouse, chartered planes and then made sure, through our client, PHAC, that there was adequate storage space and logistics in Canada to ensure the goods were delivered as needed.

**Mr. Irek Kusmierczyk:** One of the parts of the report that caught my eye was the average number of calendar days to procure and deliver equipment to PHAC. I note, for example, that for N95 masks, the total number of days was 105. This was the average number of days from the requisition to contract signature all the way to delivery. That's 105 for N95 masks. For test swabs, which were in demand, it was 24 days.

Can you put that into perspective for us as well, in terms of delivery times from requisition?

**Mr. Bill Matthews:** Mr. Chair, I think there are two points. That is definitely quick. When we were looking to realize contracts, number one, we realized that when there was an opportunity we had to jump on it very quickly or it was gone. An important part of the contract was also when they could first start delivering, so getting that accelerated delivery timeline. A year out, frankly, wasn't useful to us. We wanted a quick first delivery. Those delivery timelines, when you consider that many of the goods were coming from overseas, were quite fantastic.

**The Chair:** Mr. Kusmierczyk, you have five seconds.

**Mr. Irek Kusmierczyk:** I'll yield. Thank you.

**The Chair:** Thank you.

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

[Translation]

**Mrs. Julie Vignola:** Thank you very much.

I'm going to talk about Phoenix. On the departmental side, PSPC expects to spend less in 2023-2024 than in 2021-2022, in part due to the end of funding to stabilize payroll operations and bring down the backlog of payroll issues. PSPC has reduced the number of financial transactions in excess of its normal workload from a peak of 384,000 in January to 104,000 in February 2021, which is very good.

PSPC also awarded six contracts between March 2019 and January 2021 to acquire a next-generation human resources and payroll solution.

When will the backlog of payroll issues, so the backlog of money we owe people, be completely eliminated?

**Mr. Bill Matthews:** Thank you for the question.

We are in the process of eliminating the backlog within the time frame that is in the mandate letter, which is one year, maybe 15 months.

[English]

There's still work to do on the backlog. I think we are on track, and we continue to update our approaches to automate where we can and drive efficiencies so we can properly continue to make progress that is being done on the backlog.

[Translation]

**Mrs. Julie Vignola:** Thank you.

In the past two weeks, I have seen situations reoccur where government employees are simply not being paid. I am forced to say that all of the cases are women, unfortunately. I don't know if it's a coincidence or not, but these employees don't know why they didn't get a notice that their pay would be withheld. They also did not get anything stating that they owed money and that that is why they would not be paid. They were completely in the dark. One of them went more than seven weeks without receiving a single penny.

Why are such situations happening again?

[English]

**Mr. Bill Matthews:** There are a couple of points here, Mr. Chair.

Number one, I think years ago it was far more common where employees would get no pay. We've worked very hard to make those cases a priority, and they're quite rare now. That's not to say there isn't the odd one; there certainly is. Then, as we deal with overpayments, because we don't want to surprise people, we have a regime in place where, before we start collecting any overpayments, we make sure the employee has received three correct pays consecutively before that collection regime kicks in.

• (1755)

[Translation]

**Mrs. Julie Vignola:** Are there still level 1, 2, 3, and 4 codes to explain case processing speeds, with level 1 being urgent cases, as I was told, and level 4 being non-urgent problems?

Does this still exist?

[English]

**Mr. Bill Matthews:** Yes, Mr. Chair, in terms of addressing the backlog, we absolutely still have a priority setting. Obviously, if there's a case where an employee has received no or little pay, that's an urgent one. We've also recently put the emphasis on people approaching maternity leave or paternity leave, or people who have a disability. We have a series of cases there on severity, so we do a triage.

[Translation]

**Mrs. Julie Vignola:** I can't hear the interpretation.

It's okay now.

[English]

**Mr. Bill Matthews:** Mr. Chair, the member's question was around whether there is still a priority-setting exercise in terms of addressing urgent cases versus less urgent cases. There absolutely is. Obviously, employees who receive zero or little pay would be high on that list. We would also put an emphasis on employees who are on maternity leave, paternity leave or disability. There is, absolutely, a triage in terms of how we address cases to make sure that the most urgent are addressed on a priority basis.

[Translation]

**Mrs. Julie Vignola:** There are retired people who are owed large amounts of money. In my riding, there is a woman—another case involving a woman—who is waiting on up to \$40,000 in wages. I understand that she is no longer in the workforce. Her case is not considered a priority. This would affect retirement plans.

When will these cases be processed?

[English]

**Mr. Bill Matthews:** In terms of resolving these cases, as mentioned earlier in the member's question, we are on track to resolve the backlog, as previously indicated.

I can't speak to this case in particular, but we do have the priority setting in place to allow us to address the most urgent cases in a timely fashion as best we can. We'll continue to work through, using that triage system to address the cases in a priority fashion, but I can't speak to this case, obviously.

**The Chair:** Thank you, Mr. Matthews.

Ms. Vignola, I gave you a little extra time because of the translation issue to make sure we got the answer.

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

**Mr. Matthew Green:** Thank you.

I appreciate the opportunity to take a trip down memory lane. Back when I was a city councillor here in Hamilton, we led an am-

bitious program to look at surplus city lands that we could provide to social housing and affordable housing providers.

I see on page 31, "PSPC will continue working with partners on the Canada Mortgage and Housing Corporation...led Federal Lands Initiative...which makes surplus federal real property available for re-purposing for affordable housing." It states that they have "a target of 4,000 new or renovated housing units" and that they contributed, in 2020, "15 properties to the FLI to be assessed by CMHC for suitability for affordable housing, for a total of 75 since the inception of the program in 2018."

I was excited originally, and then I got into the details and saw that over 10 years they were looking at \$200 million to be used to subsidize these transfers of lands. I'm left with some pretty significant questions here. I think in my short time of four years as a city councillor, I delivered maybe half a dozen properties or so over to social housing here in Hamilton, yet across the country this seems to be a bit of a drop in the bucket.

To begin, I just want to ask the ADM, Mr. Matthews, how many properties are being slated for the transfer to the FLI.

First of all, how many surplus properties are there? Let's start there.

• (1800)

**Mr. Bill Matthews:** I'd have to get back to the member in writing with an actual list of the number in surplus, but we're happy to do that.

I think there is an ongoing assessment because a lot of questions are being asked about the future of work and what kind of space the federal government will need, so that list may grow as the future evolves.

When we do identify a property as surplus, though, it doesn't go right to social housing. There is, obviously, some consultation that has to take place, which takes a fair amount of time to ensure that there is no indigenous interest, etc. I think it frequently surprises people just how long that process takes.

The other point I should mention is suitability, which the member already touched on. It is quite a process that it goes through.

I'll wrap up quickly here.

The other point is that when we are disposing through the Canada Lands Company, the Canada Lands Company also redevelops property and dedicates a certain percentage—and I'm going from memory here—10%, for affordable housing as well. That's another lever the federal government can use in terms of building that program.



**Mr. Matthew Green:** Just to be clear, you're defining affordability as what we called inclusionary zoning, which is that just 30% of the units must have affordable options, so 70% are at profit. Could you provide us with an insight on just who these properties are being transferred to? Are they transferred to non-profits or to development companies that are then providing, within inclusionary zoning, an earmark of 30% affordability, that is, 30% of the units being affordable?

**Mr. Bill Matthews:** There are two kinds of avenues there. One is through Canada Lands, which would develop. The other is through the CMHC program that has been mentioned.

The main job for PSPC in this area is to identify surplus properties and then to make sure all are consulted on what might be done with them. Our main role here is the identification of the property itself and to make sure we follow the proper process from a disposal perspective to ensure we know who is interested.

**Mr. Matthew Green:** Would you, when you're providing this in writing, because this is something I'm keenly interested in.... Again, we were very successful municipally here, seemingly at a much faster pace than what we've been able to do federally. Could you provide in writing how many federal surplus lands might be in the GTHA? I know that municipalities would be looking potentially to partner and play a role in that. I'd be keenly interested to know how many are here in Hamilton, although I suspect there's not a tremendous amount.

Also, when you reply in writing, could you also provide us with a context for exactly who these are being transferred to and what the \$200 million looks like in terms of the so-called subsidy? Is this in closing fees, consulting fees or legal fees, or is this the valuation of the actual total properties over 10 years?

**Mr. Bill Matthews:** There's a lot in there, Mr. Chair.

We will absolutely get a list of surplus properties. It hasn't been determined who they're going to yet, so maybe it would be helpful

if we could give a list of surplus properties that have also been disposed of, looking backward just to get a sense, but we will split the current list by geography.

I think it might also be useful for members if we were to include just the key steps in the disposal process, just so members can appreciate why it takes time to go through this process.

As for the \$200 million, just by way of example, in the most recent one involving Canada Lands, we offered up some funding to basically remediate some environmental issues on the property as part of the transfer, but there are other examples as well.

**The Chair:** Thank you, Mr. Matthews.

Thank you, Mr. Green.

**Mr. Matthew Green:** That's very helpful.

Thank you, Mr. Chair.

**The Chair:** With that, we have come to the end of our questioning.

I want to thank Mr. Matthews, Mr. Vandergrift and Mr. Zielonka for being with us today.

I appreciate your coming back to our meetings when we ask you to be here. You are free to go.

That said, the public portion of our meeting is now complete. We will proceed to the in camera portion.

When I suspend the meeting, technical staff will end this part of the Zoom. Therefore, every member will need to log off and then log back in using the Zoom identification and passcode sent to you by the clerk.

With that, I will suspend temporarily.

*[Proceedings continue in camera]*

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